

# Purchasing Week

McGraw-Hill's National Newspaper of Purchasing

Price Perspective .....	2
Washington Perspective .....	4
Meetings .....	11
Purchasing Week Asks You ...	11
New Products .....	18
Foreign Perspective .....	24

Vol. 2 No. 13

New York, N. Y., March 30, 1959

\$6 A YEAR U. S. \$25 A YEAR  
AND CANADA FOREIGN



HOW MATERIALS MANAGEMENT has paid off for one General Electric department is explained to New York A.M.A. conference by Don Rohrer, former materials manager, Home Laundry Dept (see p. 27).

## Price Influencing, Not Fixing, Now Emerges Major Issue in Congress

Washington—Efforts to give the government a stronger hand in influencing, as opposed to fixing, industrial prices are emerging as a major issue in the Administration and Congress.

## Small H.P. Motor Mfrs. Hold Line

New York—Fractional and miniature horsepower motor producers are battling hard to maintain and increase markets without price increases or service cuts.

However, several leading manufacturers told PURCHASING WEEK that holding the door closed against prices is definitely "an uphill fight." They admit attempts to absorb material and labor boosts are cutting profit margins too close.

"I'm sure we'll have to increase prices across the board around the third quarter," declared J. F. Farrell, marketing manager for Westinghouse's industrial motor department at Lima, Ohio. "I'm quite sure others will be forced to follow the same course."

Farrell said the industry will be hit again by wage boosts and expected another steel price hike, all on top of copper increases.

Another major producer in the Chicago area sided with this (Continued on page 16)

## City Purchasing Agent Makes a Profitable Buy

North Hempstead, N. Y.—Clifford Williams, director of purchasing for this Long Island community, may find it hard living up to his newly enhanced reputation as a buyer. He held a one-eighth share in an Irish Sweepstakes ticket on a horse which romped home a \$140,000 winner at Aintree, England, March 21. The winning horse was named Oxo.

Williams purchased the ticket with seven other municipal officials of the nearby village of Mineola following a meeting of the village board which he heads

as mayor. The split-up of the \$140,000 prize among Williams, the village attorney, clerk, superintendent of public works, and four trustees will come to \$17,500 each—before the federal tax bite.

The eight Mineola officials invested 75¢ each in two tickets. Williams, whose full-time job keeps him busy as head of purchasing for the bustling Long Island commuter center of West Hempstead, said he would invest his share of the winnings "into something where it will grow up as a nest egg."

## Aluminum Producers to Risk Price Rise After Wage Contracts Signed

## Copper Buying Spree Levels Out; Little Chance of Price Hike Soon

New York—Current copper buying spree seems to be temporarily leveling out. Some recent signs of price and demand weakness—stemming from a variety of causes—indicate some respite from the steady climb since January.

While the lull may prove to be only temporary, it does indicate that there's little chance of runaway red metal prices in the near future.

Some of the recent signs of weakness:

• **Copper scrap**—Price of this key raw material dipped to 27¼¢ a lb. for the key No. 2 wire by the middle of last week. That's more than 1¢ below the 28½¢ a lb. copper quotation of the week before.

• **London Metal Exchange**—Copper for immediate delivery which recently got as high as (Continued on page 25)

## U.S. Copper Miners See Hard Bargaining When Contracts Die

San Francisco—A labor contract settlement in the U. S. non-ferrous mining industry may come high this year.

The International Brotherhood of Mine, Mill and Smelter Workers estimates that merely catching up to cost-of-living increases which outraced its last series of pay boosts will take 16 to 18¢ an hr. Presumably, other wage and fringe demands will be piled atop that basic figure when negotiations start on agreements to replace current three-year contracts ending June 30.

The indicated hefty demands (Continued on page 25)

## Buyers Frustrated At Steel Mills, Turn To Warehouse Stock

Chicago — Steel customers frustrated at the mill level now are turning to warehouse suppliers to meet current and inventory build-up needs.

At the same time warehouse operators are trying to acquire sufficient inventory of their own to supply normal customer requirements during any foreseeable strike emergency. But under current steel industry conditions the job won't be easy.

Steel warehouses began feel- (Continued on page 26)

## New Pricing System Eases Fastener Buys

Pittsburgh—Pittsburgh Screw & Bolt Co. today published a simplified net pricing system which it claims will take the slide rule out of industrial fastener purchasing.

The modernized price schedules cover machine bolts, carriage (Continued on page 25)

New York—Aluminum producers appear set to risk a 1 to 1½¢ price increase at the conclusion of wage contract negotiations this summer.

Steadily increasing demand for the versatile metal is encouraging the industry in its hopes to restore ingot prices to the approximate level prevailing before over-production and Russian competition forced a 2¢ a lb. reduction a year ago.

In a long, hard look at the aluminum industry, PURCHASING WEEK reporters this week found general optimism about the future despite the prospect of higher costs and foreign competition.

Avid promotion of new uses and products appears about to pay off in new production records. Already 8% ahead of 1958 rates, 1959 output in the still expanding industry should hit or edge the 1956 all-time mark.

But aluminum still has a long way to go to rid itself of growing pains, PURCHASING WEEK's special report concludes. Domestic (and world) excess capacity combined with the threat of Soviet dumping will keep a general lid on prices for a long time.

For the story from four viewpoints, the users, producers, congressmen, and Bureau of Mines

SEE PAGE

20

**Purchasing Week  
SPECIAL  
REPORT**

This Week's

## Purchasing Perspective

MARCH 30-  
APRIL 5

The price zoom of foreign-made steels during the past week or so contrasts sharply with the relative price stability characterizing most domestic segments in the 1958-1959 industrial revival.

With U. S. domestic producers holding prices steady even on tightest items in the shopping list of steel buyers, foreign producers are rapidly knuckling under to temporary demand pressures.

The current rush for galvanized sheet provides a striking case in point.

One steel warehouse operator told PURCHASING WEEK he is about to order 1,000 tons of European-produced galvanized for which he will pay \$8 to \$10 above the published domestic mill price at Chicago.

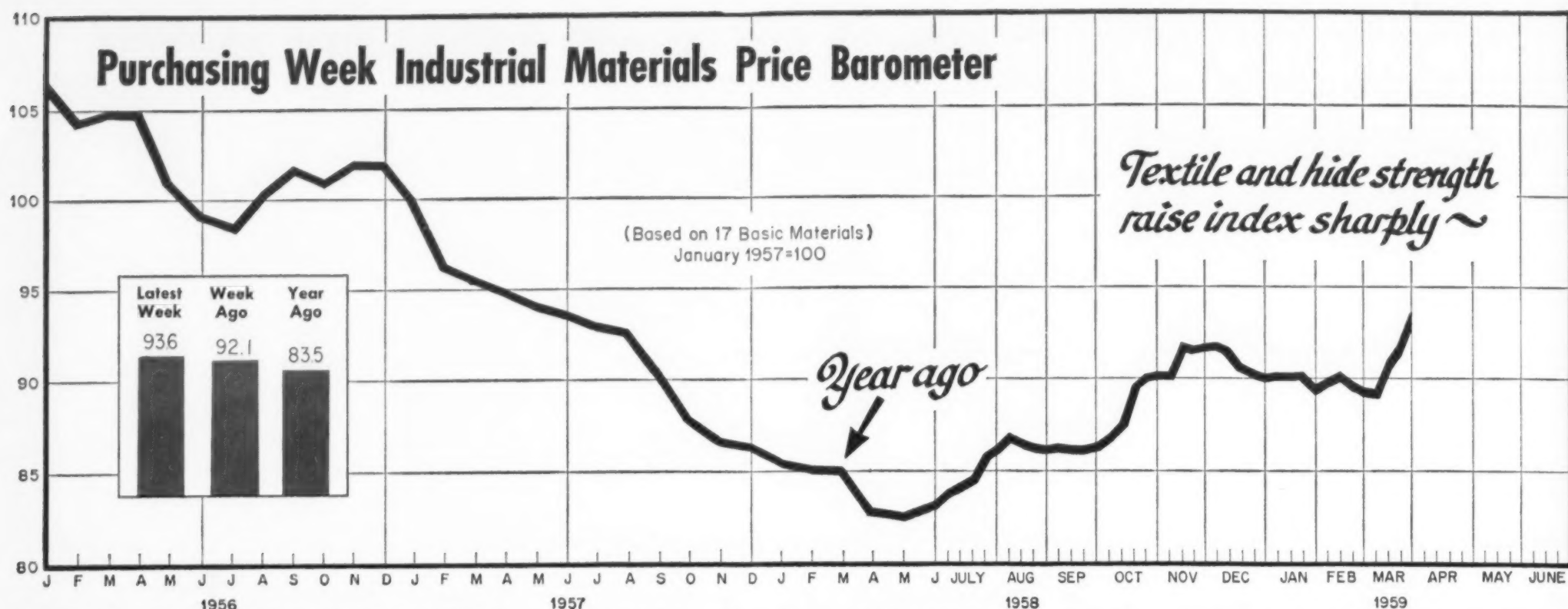
"You just can't get any domestic galvanized," he lamented.

• • •

Reports from European steel centers indicate that some German, Belgian, and other producers are out to play U. S. strike fears to the hilt. A few mills are understood to be slapping a premium on orders over 500 tons and are even hesitant about accepting larger orders now in hopes of cashing in on better prices later.

(Continued on page 25)





This index was designed by the McGraw-Hill Department of Economics to serve as an overall sensitive barometer of movements in industrial raw

material prices. The index is not intended to give price movements of specific commodities. The items used are important only in that, together, they re-

fect the current general market trend in sensitive industrials. Weekly prices for most of the items covered are published in "Commodity Prices" below.

This Week's

## Price Perspective

MARCH 30-APRIL 5

### One swallow doesn't make a summer.

You can draw a direct analogy between this old saying and the current business situation.

Recent hedge-buying demand spurt has led many to believe we are on the threshold of a new boom. But that's a bit of an exaggeration.

Last week's developments in the metal markets would seem to verify the fact that current business activity is far from boom levels.

**Take a look at copper.** After last month's binge of scare buying, prices are easing and purchasers are repairing to the sidelines.

**Even in steel there are signs of a leveling out.** Production last week, for example, slipped for the first time since mid-January.

To be sure it was small—but it is an indication that not all economic barometers will continue to point higher and higher.

**Hedging—which in the last analysis is behind the recent buying surge—can always be counted on to obscure the true business trend.**

The very nature of such buying makes for erratic market fluctuations. There's always the question: "to buy or not to buy."

If the labor situation, for example, is said to be taking a turn for the worse, then purchases will perk up quickly. Let settlement talk gain credence and price and demand will start to ease.

And you can expect this situation to persist until summer—when the labor outlook should be clarified somewhat. It's enough to put a few extra gray hairs on the head of any purchasing executive.

**But removing of labor uncertainties this summer isn't going to make your life a bed of roses either.**

Solve one problem and another one is almost sure to pop up.

The big questions then: Will inventory accumulation stop? How deep will be the drop in production of key raw materials—like steel and copper where heavy stocks have been built up?

If the answers to these questions were known it would be a lot easier to chart your second half buying and purchasing policies.

**Again steel might provide the answers.** For the length and extent of the expected output drop could furnish the clues to just how strong our basic demand for hard goods really is.

**In making your evaluation, don't be misled by current bookings for the third quarter.** In almost all instances they are hedges.

Without a strike these orders could easily be cancelled. With one, they provide insurance for quick post-strike deliveries.

**The third quarter price outlook poses somewhat less of a problem.**

Any temporary demand lull will be more than offset by pressure of higher labor costs. Aluminum, steel, and a host of other products made from these items will be going up. The only question is how much can be passed through under current competitive conditions.

**Soft goods will also be contributing to the firm price structure.**

Textiles will be faced with higher wages and a rise in cotton prices. Hide tags are also rising—reflecting both bigger shoe demand and smaller cattle slaughter.

Add these factors to the slowly improving demand for capital equipment, and it's hard to see how we can escape some rise in over-all tags.

**Luckily, ample capacity will limit them to modest proportions.**

## This Week's Commodity Prices

### METALS

	Mar. 25	Mar. 18	Year Ago	% Yrly Change
Pig iron, Bessemer, Pitts., gross ton	67.00	67.00	67.00	0
Pig iron, basic, valley, gross ton	66.00	66.00	66.00	0
Steel, billets, Pitts., net ton	80.00	80.00	77.50	+ 3.2
Steel, structural shapes, Pitts., cwt	5.50	5.50	5.285	+ 4.3
Steel, structural shapes, Los Angeles, cwt	6.20	6.20	5.975	+ 3.8
Steel, bars, del., Phila., cwt	5.975	5.975	5.725	+ 4.4
Steel, bars, Pitts., cwt	5.675	5.675	5.430	+ 4.6
Steel, plates, Chicago, cwt	5.30	5.30	5.10	+ 3.9
Steel scrap, #1 heavy, del. Pitts., gross ton	39.00	45.00	36.50	+ 6.8
Steel scrap, #1 heavy, del. Cleve., gross ton	40.50	40.50	33.50	+20.9
Steel scrap, #1 heavy, del. Chicago, gross ton	38.00	42.00	34.00	+11.8
Aluminum, pig, lb	.247	.247	.26	+ 5.0
Secondary aluminum, #380 lb	.218	.218	.209	+ 4.3
Copper, electrolytic, wire bars, refinery, lb	.312	.314	.244	+27.9
Copper scrap, #2, smelters price, lb	.273	.285	.183	+49.2
Lead, common, N.Y., lb	.11	.11	.13	-15.4
Nickel, electrolytic, producers, lb	.74	.74	.74	0
Nickel, electrolytic, dealers, lb	.74	.74	.74	0
Tin, Straits, N.Y., lb	1.023	1.034	.935	+ 9.4
Zinc, Prime West, East St. Louis, lb	.11	.11	.10	+10.0

### FUELS

Fuel oil #6 or Bunker C, Gulf, bbl	2.00	2.00	2.25	-11.1
Fuel oil #6 or Bunker C, N.Y. barge, bbl	2.37	2.37	2.65	-10.6
Heavy fuel, PS 400, Los Angeles, rack, bbl	2.15	2.15	2.70	-20.4
LP-Gas, Propane, Okla. tank cars, gal	.045	.055	.05	-10.0
Gasoline, 91 oct. reg. Chicago, tank car, gal	.12	.12	.12	0
Gasoline, 84 oct. reg. Los Angeles, rack, gal	.122	.122	.114	+ 7.0
Coal, bituminous, slack, ton	5.75	5.75	6.05	- 5.0
Coke, Connellsville, furnace, ton	15.00	15.00	15.25	- 1.6

### CHEMICALS

Ammonia, anhydrous, refrigeration, tanks, ton	90.50	90.50	90.50	0
Benzene, petroleum, tanks, Houston, gal	.31	.31	.36	-13.9
Caustic soda, 76% solid, drums, carlots, cwt	4.80	4.80	4.30	+11.6
Coconut, oil, inedible, crude, tanks, N.Y. lb	.208	.208	.149	+39.6
Glycerine, synthetic, tanks, lb	.278	.278	.278	0
Linseed oil, raw, in drums, carlots, lb	.163	.163	.179	- 8.9
Phthalic anhydride, tanks, lb	.165	.165	.205	-19.5
Polyethylene resin, high pressure molding, carlots, lb	.35	.35	.325	+ 7.7
Rosin, W.G. grade, carlots, f.o.b. N.Y. cwt	9.85	9.85	9.70	+ 1.5
Shellac, T.N., N.Y. lb	.30	.30	.33	- 9.1
Soda ash, 58%, light, carlots, cwt	1.55	1.55	1.55	0
Sulfur, crude, bulk, long ton	23.50	23.50	23.50	0
Sulfuric acid, 66° commercial, tanks, ton	22.35	22.35	22.35	0
Tallow, inedible, fancy, tank cars, N.Y. lb	.076	.075	.084	- 9.5
Titanium dioxide, anatase, reg. carlots, lb	.255	.255	.255	0

### PAPER

Book paper, A grade, Eng finish, Untrimmed, carlots, CWT	17.00	17.00	17.00	0
Bond paper, #1 sulfite, water marked 20 lb, carton lots, CWT	24.20	24.20	24.20	0
Chipboard, del. N.Y., carlots, ton	95.00	95.00	100.00	- 6.0
Wrapping paper, std. Kraft, basis wt. 50 lb rolls	9.00	9.00	9.50	- 5.3
Gummed sealing tape, #2, 60 lb basis, 600 ft bundle	6.40	6.40	6.40	0
Old corrugated boxes, dealers, Chicago, ton	23.00	23.00	17.00	+35.3

### BUILDING MATERIALS

Brick, del. N.Y., 1000	41.25	41.25	41.25	0
Cement, Portland, bulk, del. N.Y., bbl	4.29	4.29	4.42	- 3.0
Glass, window, single B, 40" bracket, box, fob N.Y.	7.90	7.90	7.09	+11.4
Southern pine lumber, 2x4, s4s, trucklots, fob N.Y.	127.00	127.00	112.00	+13.4
Douglas fir lumber, 2x4, s4s, carlots, fob Chicago	137.00	137.00	113.00	+21.2

### TEXTILES

Burlap, 10 oz, 40", 100 yd	10.15	10.20	10.05	+ 1.0
Cotton, middling, 1", N.Y., lb	.358	.357	.362	- 1.1
Printcloth, 39", 80x80, N.Y., spot, yd	.186	.186	.173	+ 7.5
Rayon, satin acetate, N.Y., yd	.27	.263	.27	0
Wool tops, N.Y. lb	1.43	1.41	1.51	- 5.3

### HIDES AND RUBBER

Hides, cow, light native, packers, Chicago, lb.	.27	.23	.152	+77.6
Rubber, #1 std ribbed smoked sheets, N. Y., lb	.322	.315	.268	+20.1



# Price Influencing, Not Fixing, Now Emerges Major Issue in Congress

## Latest Efforts Are to Give Government Stronger Hand in Influencing Pricing

(Continued from page 1)  
time in a collective bargaining dispute.

Congressional committees in varying ways also heard testimony from experts and politicians about the government's role in price determination.

And the phrase that is coming into popular use is "pre-price notification," which means that companies intending to increase their prices would have to note the fact and see how public opinion reacts.

There is little belief in Washington that such price regulation will be put into law. But what makes the issue intriguing, and significant, is that so much is being made of prices. Even without a law, government statements, from the President or from a congressman, do have a psychological effect upon price makers and union bargainers.

### Off to Stormy Start

Last week, congressional hearings on proposals for government investigation of price increases got off to a stormy start. Tempers flared and two G.O.P. congressmen stalked from the hearings following angry table-pounding debate.

The occasion was the opening of hearings by a House government operations subcommittee on legislation to amend the Employment Act of 1946 to make price stability equally a national goal with full employment.

The controversy came over a measure sponsored by Sen. Joseph Clark (D., Pa.) and Rep. Henry Reuss (D., Wis.). It would go several steps further and have the President's Council of Economic Advisers investigate price and wage increases among large concentrated industries, those generally in the "administered price" group.

### No Power to Rescind

Their bill would not grant the council power to rescind such increases, but would rely on public opinion to create such unfavorable reaction that it would tend to discourage hikes.

Top-ranking subcommittee Republican Clare Hoffman (Mich.), ardent foe of anything smacking of price surveillance, protested that Chairman William Dawson (D., Ill.) was bypassing G.O.P. members and not keeping them informed of subcommittee plans. He strode angrily from the room and was followed later by Rep. Clarence Brown, (R., Ohio).

The U. S. Chamber of Commerce assailed the bill as "repugnant," arbitrary, and impossible to achieve. The National Association of Manufacturers refused even to accept the subcommittee's invitation to comment.

Raymond Saulnier, chairman of President Eisenhower's Council of Economic Advisers, flatly opposed the measure as one which would change the function of the council and hamper it in carrying out other duties.

In the Senate, Sen. Joseph O'Mahoney (D., Wyo.) has introduced a somewhat stronger bill

The alternative to their approach, they said, would be for rigorous widespread government controls.

Noted economist John Kenneth Galbraith testified that their measure fell short of what he prefers and thinks will eventually be necessary. But he supported it as the only measure before the group which came to grips with "regressive" and "reactionary" administered price inflation.

Galbraith favors more direct government intervention and penalties to block administered price increases. He wants a tripartite board of representatives of labor, industry and the consumer to review all price increases in administered industries.

that would force corporations to file notice of intent to raise prices with the Federal Trade Commission. The commission would hold hearings, but could not block the increases.

Reuss and Clark contend that their bill would be effective in dampening wage-hike raises in administered price industries.

## Bicks Pounces on Proposed "Fair Trade" Law

Washington—The number two man in the Justice Department antitrust division fired a verbal broadside at proposed "fair trade" legislation before a House committee wound up its hearings on the bill last week.

Robert A. Bicks, top assistant to Antitrust Chief Victor R. Hansen, told the House Interstate and Foreign Commerce Committee the bill would "obliterate" state discretion on fair trade, boost consumers' prices, would not benefit small business, and would signal the abandonment of free enterprise for the distribu-

tion sector of the economy.

The bill, sponsored by Sen. Hubert Humphrey (D.-Minn.) and Rep. Oren Harris (D.-Ark.), drew the fire of both the Justice Department and the Federal Trade Commission. Sponsors intend to substitute a national fair trade law—authorizing manufacturers to fix resale prices on brand name products—for the present crumbling system under which federal law merely exempts such price-fixing by manufacturers from the antitrust laws where state law specifically permits fair trade pricing.

8 belts do a  
10-belt job—  
6 times  
as long

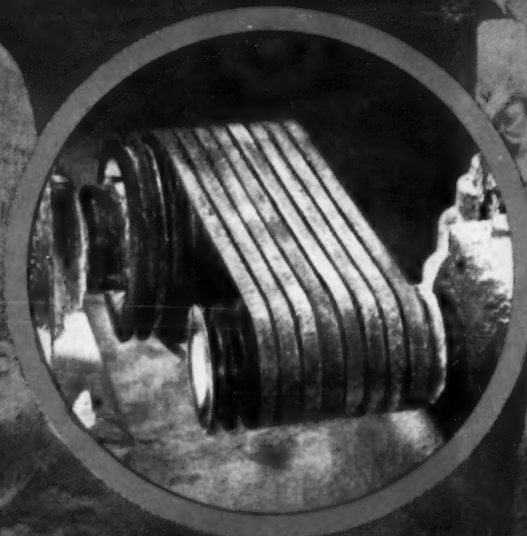
**S**MASHING chunks of nickel formate into small, dust-like particles is rugged business. What with the short-centered, dusty, 5,868 f.p.m. drives on their busy micro-atomizer, this Midwestern chemical plant was replacing whole sets of V-belts every 3 to 4 weeks.

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# Washington Perspective

MARCH 30-  
APRIL 5

Now's a good time to size up this year's Congress.

The lawmakers are home for Easter recess, sizing up themselves what the thinking is at the grass roots level. These soundings will have a bearing on legislation in the second half.

But the course is pretty well marked out already. This Congress has accomplished a good deal to date, moving along at a fast clip. You can get a good line on what's coming from what has gone on so far.

First, you can erase any doubt that this will be a wild spending New Deal-type Congress as some of the post-election forecasts went. It's not.

Democrats favor more spending in some areas than President Eisenhower wants, certainly. But they are moderating their demands, anxious to avoid being tabbed with the label of "spenders" in the face of Eisenhower's strong budget stand.

Take a look at the record. On airport construction, depressed areas, and housing, Democrats cut back on their original programs to try to meet Eisenhower objections.

It's the same with aid to the unemployed. Democratic sponsors originally wanted a one-year extension of the temporary unemployment compensation program extended. The House cut this down to three months and the Senate is going along.

**The Democratic leadership has the upper hand.** Senate Leader Johnson and Speaker Rayburn have firm control, guaranteeing that their Texas brand of moderation and cooperation with the White House sets the order of the day.

They have had to move slightly to the left because of the influx of new Democrats. And the added strength has emboldened Democrats to be somewhat more aggressive vis a vis the White House. But the two Texans have fashioned a new coalition to assure that their basic aims are carried out.

**Western Democrats are the new balance wheel of Congress.** In the Senate, they make up a third of the Democratic membership. On most issues, they've gone along with Johnson and in combination with Southerners have effectively short-circuited Northern industrial Democrats and their more extreme demands.

At the same time, Johnson has been able to exercise more independence of his Southern power base, gaining more room to maneuver.

**The Republican-Southern Democrat conservative coalition, which has dominated Congress for almost 20 yr., has been routed.** It's been able to revive on some issues only—for instance on holding the extension of extra unemployment compensation to three months.

Two main issues have almost wholly dominated Congress: **defense and inflation.** Democrats have mounted demands for greater defense efforts, attacking Eisenhower on what had been his strongest ground. The President, on the defensive, has contended that present defenses are more than adequate and that a stepup in expenditures would unsettle the economy.

Inflation control has become almost an obsession with the lawmakers. Johnson says it's "second only to the issue of national security." Rarely, if ever, has Congress paid it so much attention, launching numerous investigations into the subject.

**New ideas and a number of old ones have been stimulated by the inflation question.** None of those advanced so far stands much chance of adoption, but they are indicative of the activity going on. Here's some of the more prominent proposals:

"Utility-type" regulation of steel and metal prices; government investigation of proposed price increases; national fair trade laws to "stabilize" prices; antitrust action against administered price industries.

## Weekly Production Records

	Latest Week	Week Ago	Year Ago
Steel ingot, thous tons	2,672	2,631*	1,366
Autos, units	136,269	134,285*	80,560
Trucks, units	25,619	24,368	25,797
Crude runs, thous bbl, daily aver	8,082	8,283	7,316
Distillate fuel oil, thous bbl	14,507	14,189	11,587
Residual fuel oil, thous bbl	7,239	7,334	7,197
Gasoline, thous bbl	28,592	28,432*	24,997
Petroleum refineries operating rate, %	83.7	85.8	80.0
Container board, tons	150,514	159,577	131,238
Boxboard, tons	155,704	147,863	141,212
Paper operating rate, %	91.3	91.1*	89.1
Lumber, thous of board ft	249,425	241,831	227,079
Bituminous coal, daily aver thous tons	1,271	1,286	1,273
Electric power, million kilowatt hours	12,900	12,996	11,756
Eng const awards, mil \$ Eng News-Rec	355.4	393.7	441.2

\*Revised

## Average Earnings for Purchasing Department Occupations in Manufacturing

Occupation and Sex	Baltimore 8-58	Boston 10-58	Buffalo 9-58	Dallas 10-58	Seattle 8-58
<b>Office clerical (women)</b>					
Average straight-time weekly earnings †					
Clerks, file (class A)	\$65.00*	\$63.50	\$75.50	\$63.50	\$73.00*
Office girls	48.00*	54.50	56.50	58.50	64.00
Secretaries	85.00	78.00	85.00	81.50	90.00
Stenographers, general	76.00	68.00	77.00	75.50	76.50
Typists, class A	73.00	61.00	75.50	64.00	73.00
<b>Plant jobs (men)</b>					
Average straight-time hourly earnings ‡					
Laborers, material handling	1.88	1.79	2.13	1.52	2.11
Order fillers	1.57	1.90	2.17	1.81	2.16
Receiving clerks	2.07	1.91	2.25	2.04	2.03
Forklift operators	2.32	2.03	2.30	1.79	2.18
Truckers, power (other than forklift)	2.31	2.03	2.30	2.22	2.20

\* All-industry average.

† Average salaries paid for standard workweek.

‡ Excludes premium pay for overtime and for work on weekends, holidays, and late shifts.

## P.W. Inaugurates Purchasing Earnings Series

Washington—Average earnings for ten functional work categories of interest to purchasing agents will be presented regularly, starting with this issue, by PURCHASING WEEK. The new feature, "Average Earnings in the Purchasing Department" will be presented quarterly through the cooperation of the Bureau of Labor Statistics, the U. S. Department of Labor. Every three months these jobs will be listed for a number of cities throughout the country, with the exact date of the wage survey indicated for each location.

In all, 20 representative U. S. urban centers will be reported on each year, providing you with both an interregional, as well as a single location wage comparison over a specified time period.

You will note that the jobs have been broken down into two major categories:

The first covers office-centered occupations for women. It lists the average straight-time weekly salary for five occupations.

The second group includes five warehouse-centered production jobs quoted by straight-time hourly earnings. Note that this second classification does not include premium pay for overtime and for work on weekends, holidays, and late shifts.

This new statistical series can serve a manifold purpose.

• They will enable you to compare the wages of people operating under you with those of other purchasing people in your area.

• They will serve as a guide for hiring purposes.

• They can enable you to make an average wage-cost comparison analysis between your department and other purchasing operations in your own geographical region, as well as operations in other parts of the United States.

• The comparisons listed will be a great help in enabling you to make calculations of the cost of making additions to your department, or of expanding purchasing operations in other locations of your firm.

• They can also provide the bases for wage analysis in considering advantages or disadvantages of moving company operations to a new location.

## School's Re-Bids Saved \$18,000

Oakland, Calif.—The Oakland Board of Education credits the apparent pressure of foreign competition with an \$18,000 saving on the purchase of 325 typewriters.

When bids for the typewriters were opened in January, four major U. S. companies quoted identical prices, all apparently based on similar item paid for by the federal government. But a Swedish model, the Facit, got into the act with an offer that was \$10,000 lower.

### Allows Some Foreign Buying

A 1955 amendment to the California "Buy American" policy allows state offices to deviate from the requirement to buy foreign-manufactured office equipment. Because the amendment had not been included with the original Oakland typewriter bid invitations, it was decided to reissue them—with the amendment appended.

When the second set of bids for the same typewriters was opened several weeks ago, an American firm, Smith-Corona, won the contract with a bid of \$40,316.65, some \$8,000 under the offer which had been submitted by the Swedish firm.

The saving amounted to almost \$60 per typewriter for the same machines, an Oakland official said.

## Gov. Rosellini Signs Purchasing Reform Bill

Olympia, Wash.—A bill designed to reform Washington State purchasing practices has been signed into law by Gov. Albert Rosellini.

Drafted at Rosellini's request following newspaper disclosures of irregularities in state purchasing, the bill defines the responsibility of the purchasing division. It also provides for creation of a standards division and allows

it to contract for testing to determine if products meet specifications.

Other key provisions aim to eliminate conflicts of interest among the state's buyers, require competitive bidding, and encourage buying by consolidating purchases of state departments. Penalties are provided for violation of ethical conduct standards by state employees or vendors.

## McGraw-Hill Indexes

	Latest Month	Month Ago	Year Ago
<b>Basic Chemicals Price Index</b> . . . . .	112.0	111.9	110.9
Chemical Week 1947 = 100			
<b>Construction Cost Index</b> . . . . .	782.0	778.8	744.4
Engineering News-Record 1913 = 100			
<b>Electrical Materials Cost Index</b> . . . . .	111.7	111.7	111.8
Electrical Construction & Maintenance November 1951 = 100			
<b>Metalworking Products Price Index</b> . . . . .	158.4	158.2	155.9
American Machinist 1947 = 100			
<b>Non-ferrous Metals Price Index</b> . . . . .	117.6	117.1	107.5
Engineering & Mining Journal 1922-24 = 100			
<b>Petroleum Refinery Products Price Averages Index</b> . . . . .	92.8	91.5	90.4
National Petroleum News January 1957 = 100			
<b>Plant Maintenance Cost Index</b> . . . . .	172.9	172.7	167.5
Factory 1947 = 100			



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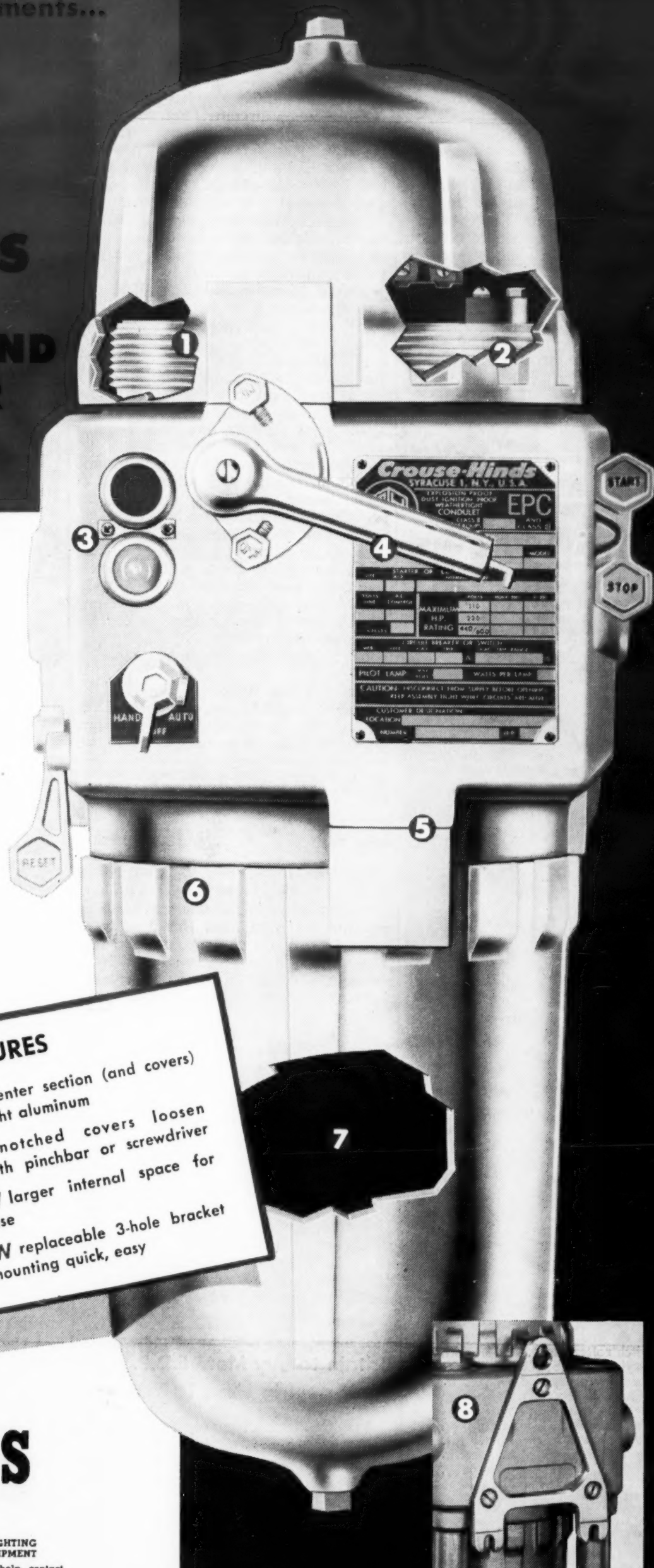
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## Fred Bruning, P.A. for Thermo Cal, Constructs Model Railroad Outfits

Fred Bruning, director of materiel, Thermo Cal, Los Angeles, is a confirmed hobbyist. Though he lists archery, radio-controlled model airplanes, and roller skating among them, his favorite is model railroading.

Fred Bruning is most proud of a miniature storage tank he built for his H-O model railroad outfit. The tank, built to scale, is only 11 in. high but required 1,000 hr. of patient work. Construction details are faithfully reproduced down to the steps, which on the model are only 3/32 in. wide.

In his hobby of radio-controlled aircraft, Bruning has teamed with several friends in building a 6-ft. specially controlled model. They are building a fully proportioned servo drive receiver which

will give greater maneuverability than conventional controls.

Part of this love of detail has been gained through his purchasing work in missiles and aircraft. Before joining Thermo Cal recently, he was director of purchases for Lear Astronics Division, a designer and builder of flight guidance and control for aircraft, guided missiles, and spacecraft. In his new position at Thermo Cal, he is involved in the manufacture of electronic sensing devices for measuring current, temperature, and pressure applications in missiles.

This is a long distance from Bruning's first experience with purchasing back in 1952, the result of a mis-addressed luncheon invitation.

At that time he was fresh from college and working at a modest accounting job for a large electric utility when he received the luncheon bid. Thinking it might be a pleasant diversion, Bruning decided to accept.

"Once at the luncheon, though, I found myself surrounded by a large number of high-powered executives, including the president of the utility for which I worked.

"It soon became apparent that there must be another, and more prominent Fred Bruning in town. A few discreet questions soon revealed that a well-known purchasing executive by that name was conspicuously absent from the luncheon meeting. Obviously I had gotten and accepted the invitation meant for him."

Nevertheless, Bruning claims that he enjoyed a pleasant meal, then settled back for a drowsy luncheon speech. However, the speaker, also a purchasing executive,



BUILDING SCALE MODELS for his H-O railroad outfit is only one of many and varied hobbies enjoyed by Fred Bruning, director of materiel at Thermo Cal in Los Angeles.

soon warmed up his audience with an engaging discussion of the purchasing profession.

"His talk made quite an impression on me," said Bruning. "I actually resolved to watch for job opportunities in the purchasing field."

Less than a year later, Bruning landed his first job in purchasing. Century Engineers, a Los Angeles defense firm, was in the market for an electronics buyer. Bruning, having taken several electronic engineering courses in college, felt the Century job might be his entrée into the purchasing field. He applied for the opening, admitting his complete lack of buying experience and the frank approach paid off. Bruning got the job.

It was through his love of hobbies that he met his wife. At a national figure skating contest (in which he placed 4th) he met Barbara, and since his marriage his hobbies have become family oriented. Children Nancy Lee 11, Karl Erich 9,

and Fritz 7, all participate in family hobbies. But Fred still finds time to indulge in his model railroad and aircraft projects.

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## British Steel Output Down in February

London—British steel output declined again in February—by about 18%—because of a strike and mechanical troubles. But the Iron and Steel Board reported consumers' stocks also continued to fall. The month's figures were affected by a strike in Wales and a mechanical breakdown at another plant resulting in a 15,000-ton loss.

The reduction in consumers' and merchants' stocks during the last quarter of 1958 was estimated at 487,000 ingot tons. Even Britain's automotive industry, which has held high stocks of steel while other industries were cutting down, has started reducing its stockpile.

But steel manufacturers, along with other British industries, are a little more optimistic about the future than they were at the end of 1958. New projects and modernization schemes are going ahead, the Board says. The industry spent some \$294 million on expanding capacity in 1958 and estimates that expenditure in 1959 "will not be less than in 1958."

### Britain to Buy More E.D.P. Equipment in Next 10 Years

London—British government plans to spend between \$28 and \$42 million on electronic computing and automatic data processing equipment in the next seven to ten years.

The Treasury's economic secretary said the government already has installed six automatic data processing machines in various departments and by the early 1960's will have about 30 major systems in operation.

Those already in use include machines for preparing tax statistics, estimating yields for budget forecasts, preparing and

issuing agricultural deficiency payments, and handling some departmental payrolls.

Machines planned for the future will keep pay accounts for the British army, control an army ordnance inventory of about 200,000 items, and handle the payroll for London's post office staff of 112,000.

### Reds Ask for British Credit; Cite Increased Future Trade

London—The Soviet Union has made a new appeal for British credits, promising "if you give us the credits, we will let you have the orders."

S. A. Skachkov, chairman of the Soviet State Committee for Economic Relations, made the plea at a recent meeting with British industrialists and traders. He stated that the release of credits would enable doubling the amount of Soviet-British trade in the next five years.

Skachkov complained of three big obstacles in the way of increased trade between the U.S.S.R. and U.K.: a "short-sighted" embargo covering 350 civilian items, restrictions on export of machinery embodying U. S. patents, and British failure to buy more Soviet goods such as tin and aluminum.

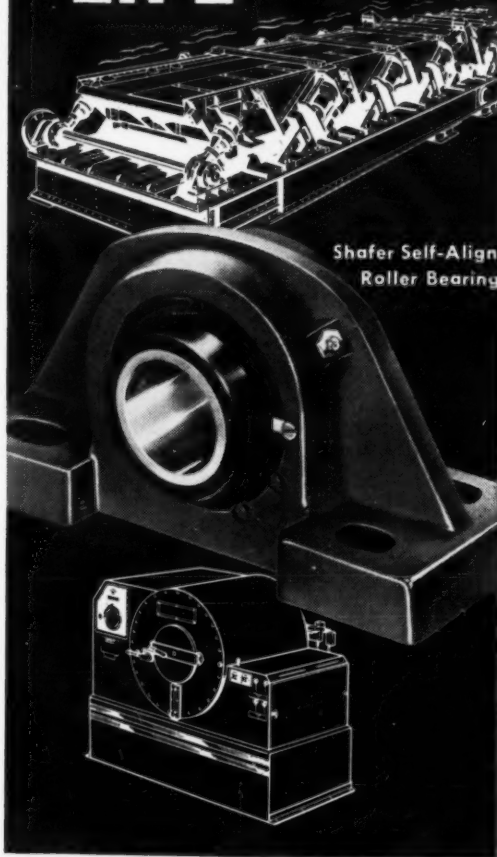
### Piggyback Service Between U. S. and Canada Inaugurated

Montreal—Piggyback service between United States and Canada opened March 23 with New York and Toronto as terminals.

Canadian National Railways and Delaware, Lackawanna, and Western Railroad instituted piggyback in answer to demands to handle export, import, and domestic freight. The service will be operated daily in both directions between New York-New Jersey and the Toronto metropolitan areas, using railway trailers.

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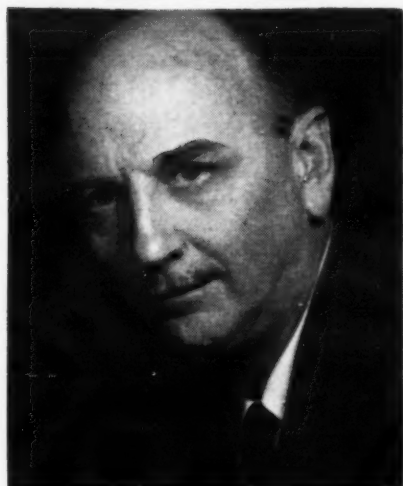
HAROLD S. SHERIFF

## I.B.M. Data Processing Advances H. S. Sheriff

New York—Harold S. Sheriff has been made assistant for International Business Machines Corp.'s data processing manufacturing purchasing, with headquarters at White Plains, N. Y.

Sheriff will be responsible for purchasing policies and coordination of manufacturing purchasing activities for all I.B.M. plants in the Data Processing Division.

Forrest A. Detrick succeeds him as purchasing agent at the San Jose, Calif., data processing division plant.



MERTON E. JONES has been advanced to director of purchasing, Victor Chemical Works, Chicago. He succeeds Walter H. Weise who retired after 42 years' service. Jones was purchasing agent since 1947.

Edgar Chew succeeds Ben E. Luhn, who retired, as purchasing agent for the City of El Paso, Tex.



WILLIAM J. VOSS has been made director of purchasing, a new post, at Allen B. Du Mont Laboratories, Clifton, N. J. Voss had been manager of purchasing for the electronic tube operations and general purchasing.

Robert F. Martin, purchasing stores manager for Shell Oil Co.'s Denver area, has been transferred to New York headquarters.

Arthur W. Miller has been named purchasing agent for the City of Hickory, N. C.

Kenneth O. Grant has been appointed director of the purchasing office of Ford Motor Co. of Canada, Toronto. All the

firm's purchasing activities, including traffic, are being centralized in the new office under Grant. Allan S. Harrison, former director of purchasing, continues with the office as research, planning and analysis manager.

George C. Farmer has joined National Can Corp., as purchasing agent, Atlantic Division and will headquarter in Baltimore. He had been purchasing agent for Diecraft, Inc., Baltimore.

T. W. Freeman has retired as director of purchasing for the Pako Corp., Minneapolis, after 40 years with the firm.

William J. Iversen has been made director of purchase, Clinton Corn Processing Co., a division of Standard Brands, Inc., Clinton, Iowa.

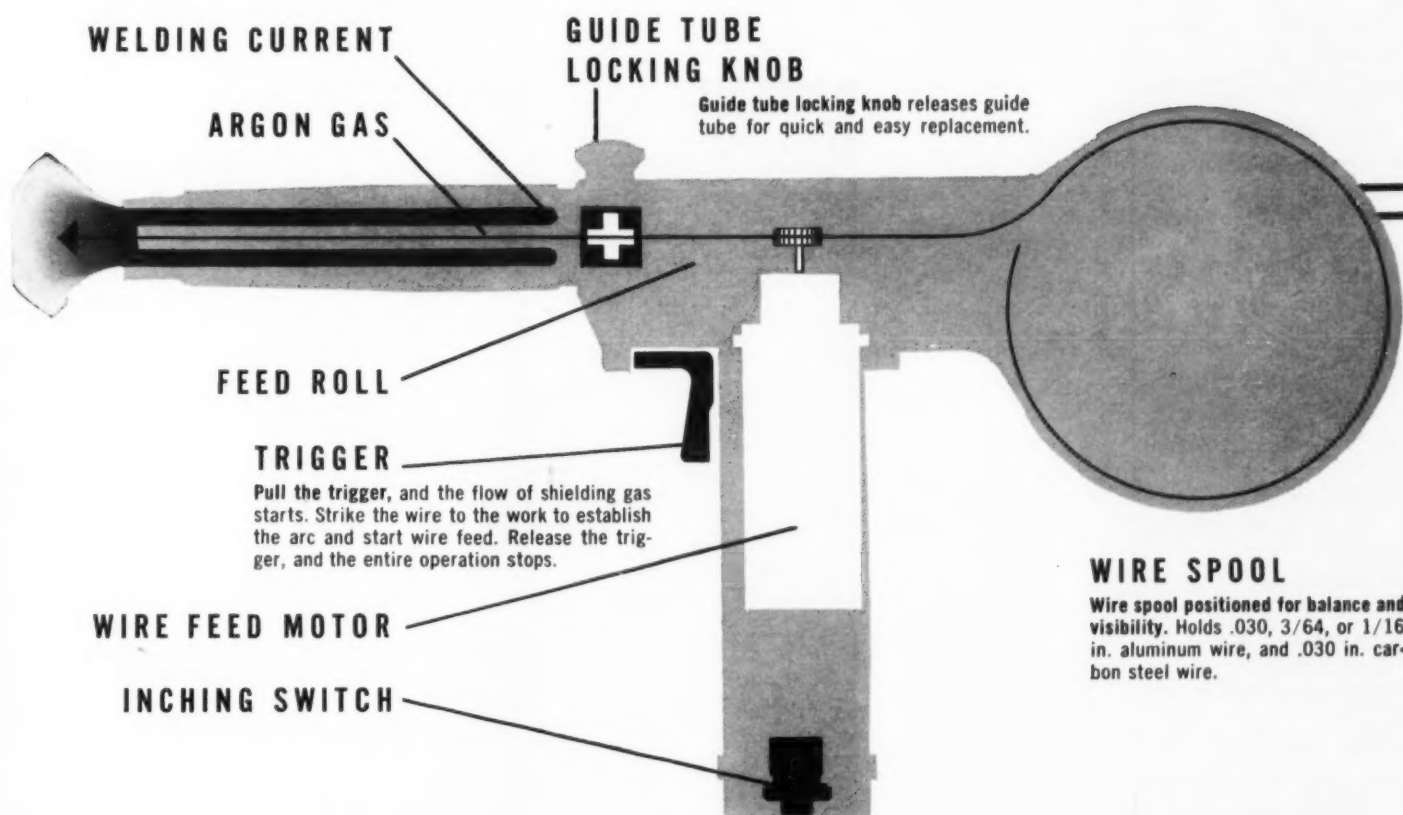
George Stewart, formerly director of purchases, Chun King Associated Enterprises, Duluth,

Minn., has been named special assistant to the executive vice president in charge of operations.

L. Robert Clinton, purchasing agent for National Vulcanized Rubber Co., Wilmington, Del., was one of eight new appointees to the firm's operating board.

Coe J. Rost has joined the purchasing department of Standard Oil Co. (Indiana) as manager of purchasing development.

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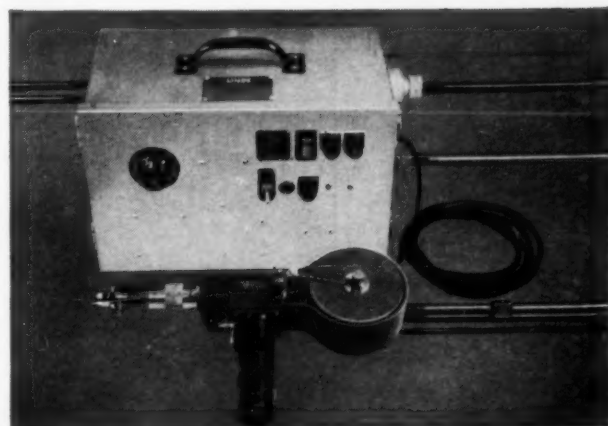
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## Bowdoin, New Georgia State P.A., Guest at N.A.P.A. Chapter Meeting

Former Banker Tells of Troubles and Obstacles Faced in Reorganizing Scandal-Ridden Agency

Atlanta, Ga.—The man who sits in one of the hottest seats in purchasing told Georgia P.A.'s some of his troubles at the N.A.P.A. group's March meeting.

W. R. Bowdoin, an Atlanta banker who inherited the post of state director of purchases early this year, described the obstacles he and his staff are meeting in efforts to reorganize the scandal-ridden agency. The previous state administration was under fire constantly because its "political crony" system of purchasing was costing Georgia taxpayers excessive sums.

Efforts to obtain bids from legitimate businessmen has his 27-member department snowed under with paperwork, Bowdoin explained.

"Another problem we're fighting is an almost total absence of specifications. We get requisitions for 100 pairs of shoes period or 300 shirts period. That makes buying tough," Bowdoin emphasized.

Bowdoin then placed himself in "the hot corner" and answered specific questions on the reorganization of his department from the industrial P.A.'s.

Some of the questions included:

**Q.** When the department is cleaned up, can you keep it that way for years to come?

**A.** Knowing the way Georgia people love their politicians, I just can't give you an answer to that question.

**Q.** Are you doing anything to keep certain firms from bidding on state business?

**A.** We're working on a master vendor file. We're asking for financial statements and bank records on all our vendors. From this, and further investigation, we can tell which firms are above-board and which aren't. At present, we have excluded several firms from the bidding list.

**Q.** When bids don't look right, do you have a means of talking with the bidders on price, a type of negotiation?

**A.** No. If something looks out of line, we throw out all the bids and start over again. That happened recently with a bidding on gravel. All bids were to the same penny. We just threw them out and started all over again.

**Q.** Do you have a right to refuse a requisition from a state department?

**A.** Yes and no. When a requisition looks out of line with the department's needs and functions, we have the authority to hold it up and talk with the department head about it.

**Q.** Do you keep inventory of goods the state has on hand?

**A.** That's the responsibility of

the individual state department.

**Q.** How do you decide which firms will get invitations to bid on a given order?

**A.** We limit bidders geographically. If the goods are needed for a state institution in Augusta, we try to send invitations to potential bidders in that area.



ANSWERING a particularly tough question put to him by Charles W. Hayes, right, is Georgia State Director of Purchases, W. R. Bowdoin.

## Government Purchasing Group Honors Shepherd

Chapel Hill, N. C. — Aaron Shepherd, Winston-Salem P.A., was named the "person who has contributed most to public purchasing ideals and practices" in the two Carolinas in the past year.

Shepherd was cited at the meeting of Carolinas chapter of the National Institute of Governmental Purchasing Agents here on March 6.

Henry Weatherly, Guilford County (N.C.) P.A. was elected chapter president. He succeeds Shepherd, president since 1953.

## Introducing The SYLVANIA

## Standardization Film Shown to Saginaw P.A.'s

Saginaw, Mich.—A film on standardization was shown at the March session of Saginaw Valley Purchasing Agents Association under the sponsorship of the association's standardization committee.

The association also made plans for its annual golf outing.





New centralized storage facilities for flammables has safety innovations.

## Rocketdyne Smooths Purchasing, Inventory Control of Flammables

Centralized Storage Plus Purchasing's Control Of Inventory and Ordering, Reaps Big Dividends

Canoga Park, Calif.—Purchasing and inventory control of flammables at Rocketdyne Division of North American Aviation, Inc., is smoother, simpler, and more efficient than it was before January of this year. Reasons: Erection of specially designed centralized storage facilities, and control of ordering and inventory

by the purchasing department. Purchasing has benefitted, and so have all departments using flammable materials.

Rocketdyne, one of the nation's leading manufacturers of rocket engines, uses large quantities and varieties of chemicals and other flammables. Before the new facility was opened, some 200 general supervisors were authorized to sign order forms. These forms were lengthy. Often three or more departments ordered the same material—all on separate order forms.

### Better Stock Control

Now, with supplies centralized, purchasing can maintain stocks at a minimum level, based on estimated usage. Reordering is done through use of a simple "buy card." This buy card has room for four separate orders and offers the added advantage that previous terms given by a supplier can be compared. The use of these buy cards and the elimination of supervisor order forms have reduced paper work to less than half the amount previously required.

With stock inventory levels and ordering controlled by purchasing, emergency orders have been practically eliminated. Under the old system departments often waited too long to place an order. Only purchasing had full knowledge of necessary lead times, and this knowledge was not utilized.

With purchasing in control, over-ordering and duplication have been eliminated. It actually happened during January that one department ordered 20 gal. of a chemical on the same day another department turned over to central storage 20 gal. of the chemical it had been keeping in its own storage area. Before the central flammables warehouse, was opened, there were at least six departments with their own flammable storage areas.

### Improved Supplier Relations

Supplier relations have improved since purchasing controls orders. Emergency orders have been minimized and materials now are often consolidated into fewer orders. Also, suppliers like the warehouse as they now have only one point of delivery. Security-minded Rocketdyne now has delivery men going only to one point rather than making separate deliveries throughout the plant area.

Finally, Rocketdyne's fire department has benefitted from the special warehouse facility. The new building is equipped with sprinklers and flushing facilities in the event acid should be spilled. Even a sparkless fork lift truck is used for handling flammable materials.

### Changes Dowanol Name

New York—Dow Chemical Co. has changed the sales name of its ethylene glycol phenyl ether from Dowanol 1 to Dowanol EF. Dow said its product now has been made essentially colorless.

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# Purchasing Week

McGraw-Hill's National Newspaper of Purchasing  
330 West 42nd St., New York 36, N. Y.

Vol. 2, No. 13

March 30, 1959

Print Order This Issue 26,363

## You Can Create the Demand

Everyone in purchasing is thoroughly familiar with the law of supply and demand. Usually though we think of this in terms of materials or products. This might be a good time to think of this economic law in terms of man power. Specifically, let's think of it as it applies to purchasing.

Recently PURCHASING WEEK published a report on opportunities in the field of purchasing. Employment agencies throughout the country were interviewed and in no case did we learn of a flood of requisitions to fill purchasing jobs. Of course, we all know that most purchasing positions are filled from the inside. In reality, therefore, it is unimportant that the demand is not a matter of public record. The important thing is that there is a demand and this is something that every purchasing man should foster.

It's all very well, you may say, to state that there should be a demand but "Is there anything I can do about it?" The answer is an emphatic yes.

First of all, there must be a desire. Without a willingness to put a plus into your work there is little you will do toward making top management men "demand" more and more purchasing men. With ambition along these lines you are bound to make a contribution but it is unrealistic to think that any one man's efforts are going to do the trick for all.

Let's ask ourselves a few straight from the shoulder questions:

As a purchasing director are you interested in and understand the controller's activities? the general manager's problems? the president's ambitions for the entire company? If not, you should be, because as a purchasing director you come in contact with all departments and should be able to make a contribution to overall management thinking.

As an assistant purchasing agent do you understand completely all purchasing policies? In the absence of the purchasing director are you able to think as he would think? Are you constantly making suggestions as to how purchasing procedures could be altered to improve efficiency and build more profit? You should be able to do these things.

As a buyer are you interested in other products or materials that are assigned to you? You should be. Are you interested in happenings that affect supply and demand even though the effect may be secondary or remote?

Top management is not a machine. It is made up of men and if you will picture yourself as a member of a top management team you will have to agree that purchasing men will be in demand only if they deserve it.

After all, as a top management man, would you promote a man whose interests were too narrow to show that he could fill a bigger job?

## You'll Have Enough Time If You Use It

There are few words about which more has been written than "time." With all the writing, though, no one as yet has come up with any schedule or system by which we can get more than twenty-four hours out of each day.

Not being able to extend our time the next best thing to do is to utilize it to the best advantage. Next time you catch yourself saying I don't have time for this or that, why not sit down and do it—maybe you'll be surprised at how much time can be saved by not complaining.

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## Your Follow-Up File

### Has New Twist to Question

New York, N. Y.

I read with interest the question and answers in your Jan. 19 issue, "PURCHASING WEEK Asks You . . ." column (p. 11).

"If you were in a position to hire a new man in your purchasing department would you give preference to a man from your company with production experience or to a man from outside with purchasing experience (in your industry line)?"

I am of the opinion that the question falls somewhat short of being conclusive and could have been more broadly stated in two parts:

A. As shown.

B. If you as your company's chief purchasing executive were moved to a higher position (vice president), whom would you recommend as a replacement:

1. A qualified seasoned junior from your purchasing group;

2. A more mature outside man qualified in purchasing experience and in the same industrial line;

3. A man from your production, engineering and sales group with no prior purchasing experience or knowledge?

It would be interesting if you would obtain additional comments from P.A.'s.

Fred R. Scherzinger

• See next week's "PURCHASING WEEK Asks You . . ." column.

### Here Are the Propane Prices

Burlington, Wis.

Can you give us information on butane and propane gas prices (tank cars) and would it be possible to get the price trend during 1957 and 1958 as well as current prices. We are of the opinion that this commodity can be purchased cheaper in the summer.

Wm. G. Mett

Purchasing Agent  
Burlington Mills, Inc.

• Propane gas is one of the listings in our "This Week's Commodity Prices" (p. 2). We have no specific records on the price of butane gas because it fluctuates rather closely with the price of propane. Industry observers watch the propane price for a clue to general movements in both gas areas. Generally, there is a slight movement toward cheaper prices in these areas during the summer.

Here are the 1956-58 price movements on tank-car prices of propane gas in Oklahoma. Every change is listed by the week of movement.

1956	1957
Jan. 1—4¢ gal.	Jan. 2—5¢ gal.
Jan. 11—4.3¢	Mar. 20—4¢
Jan. 25—4.5¢	June 12—3.5¢
Oct. 17—5¢	Sept. 25—4¢
	Nov. 13—4.5¢
1958	1959
Jan. 1—5¢	Jan. 7—5½¢
Apr. 2—4¢	Mar. 18—5½¢
Aug. 20—5¢	
Dec. 24—5½¢	

### G.S.A. Schedule Out Soon

Muscatine, Iowa

How may we obtain a copy of the new price schedules pertaining to

G.S.A.'s Regulation 13 as discussed in the March 16 issue ("U. S. Government Setting Procurement Schedules for Commercial Items," p. 1)?

G. C. Holttorf  
Purchasing Agent  
Grain Processing Corp.

• Write to Franklin Floete, administrator, General Services Administration, Washington, D. C. His office will send you the information as soon as it becomes available—sometime within the next few months.

### G.E. Foamed Metal Developer

Minneapolis, Minn.

In your March 16 issue, "This Week's Product Perspective," (p. 23), there is an article regarding foamed metal.

We would be interested in receiving further information on foamed copper. Whom should be contact?

Curtis J. Ramin  
Office Manager  
George E. Thompson Co.

• General Electric Co. is the developer of the foamed metal. Unfortunately, all the available information is contained in our item. G. E. at this point is not prepared to talk much further about their new method. However, you might try writing the product manager, General Electric Co., Evendale, Cincinnati 15, Ohio.

### More Reprints Requested

Toledo, Ohio

I understand you ran an article on J. K. Fowlkes re value analysis ("Team Offers Purchasing Men Value Analysis," Dec. 15, p. 1).

I would like the address of his company.

M. C. Drew

• The firm, Value Analysis, Inc., is located at 502 State St., Schenectady 5, N. Y.

Guelph, Ontario

Would you send me a copy of "Write Letters That Bring the Results You Want." I am interested in literature on this subject.

E. C. Brum

Purchasing Department  
Canadian General Electric Co. Ltd.  
Apparatus Department

Monrovia, Calif.

We have noticed that reprints of "Select Your Copying Machine After Studying These Detailed Descriptions" (Sept. 29, p. 19) are available. We would appreciate receiving one and feel it will be of real service to us.

George M. Wood

Administrative Assistant  
City of Monrovia

### To Our Readers

This is your column. Write on any subject you think will interest purchasing executives. While your letters should be signed, if you prefer we'll publish them anonymously.

Send your letters to: "Your Follow-Up File," PURCHASING WEEK, 330 West 42nd St., New York 36, N. Y.



## PURCHASING WEEK Asks You . . .

What is the most recurring explanation given to you by suppliers when you expedite late deliveries?



**L. E. Profilet**  
Carolina Bagging Co., a division of Textron, Inc.  
Henderson, N. C.

"When we find it necessary to expedite an order, the most frequent cause is found to be slow transportation. When this is the case, a call placed to the carrier usually gets quick results. The time lost in transportation seems to consist mostly of time spent in the various carriers' terminals, particularly at interchange points. We have found practically all carriers are very cooperative in tracing lost shipments."

**J. J. Kelly**

Sheffield Tube Corp., New London, Conn.

"Grudging admiration must be given suppliers in general for the imaginative excuses they dream up to explain some of their lapses. However, most often our suppliers blame their suppliers for failing to deliver raw materials or parts. We consider it inexcusable when a supplier fails to notify us promptly when he knows or feels that he cannot meet the required delivery date."



**J. M. Kratka**

Rayco Mfg. Co., Paterson, N. J.

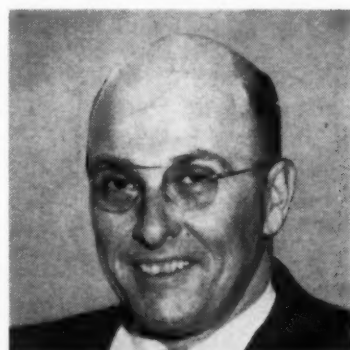
"The most frequent response is 'It has been shipped.' When pressed for specific information on shipping date, carrier, bill of lading number, pro or waybill number, the vendor promises to check and advise. After checking the subsequent response usually is 'The trucker didn't show up,' 'order was misplaced,' or 'someone in shipping goofed,' with a promise to make shipment the same or next day. This problem can be largely eliminated by combining realistic delivery dates with regular and timely expediting."



**M. N. Holmes**

North & Judd Mfg. Co., New Britain, Conn.

"Seldom is a supplier willing to take complete responsibility for slowness in getting material out. More often than not the reasons given are: their own supplier is late with the material; when it is received it isn't just right; manufacturing is slowed because of this; or the transportation company failed to pick up as promised. The most recurring explanation given seems to be blaming someone else for not maintaining schedules to them."



**R. N. Heath**

Baroco Electric Construction Co., Pensacola, Fla.

"It has been our experience that a supplier who fails to meet a promised delivery will very rarely admit that any fault lies with his organization. Almost universally we find that our sources of supply will attribute delays to non-delivery of parts or material by their suppliers or sub-contractors. Of course, this explanation makes further follow up difficult since second and third tier suppliers are in many cases unknown."



**T. F. Hand**

American Machine & Foundry Co., Brooklyn, N. Y.

"It's sometimes fantastic the excuses they can dream up. I had one man tell me that he had a very unhappy experience; the only fellow who could do the job fell and broke his leg. I got the shipment two weeks later. When I finally caught up with the fellow who supposedly broke his leg, I found he was hale and hardy. In general, they blame their supplier. He let them down and they, unfortunately, let us down."



Suggest a Question to:

**PURCHASING WEEK Asks You**  
330 W. 42nd Street  
New York 36, N. Y.

## Meetings You May Want to Attend

### First Listing

**Syracuse & Central New York Purchasing Agents**—Seminar, "Techniques for Purchasing," Hotel Onondaga, Syracuse, N. Y., four consecutive weekly sessions beginning April 1.

**National Chemical Exposition**—International Amphitheatre, Chicago, Sept. 9-12.

**National Association of Purchasing Agents, 9th District**—Purchasing Conference, Sheraton-Kimball Hotel, Springfield, Mass., Oct. 15.

### Previously Listed

#### APRIL

**1959 Nuclear Congress**—Public Auditorium, Cleveland, April 5-10.

**American Welding Society**—40th Convention and Exposition, Hotel Sherman and International Amphitheatre, Chicago, April 6-10.

**American Management Association**—National Packaging Exposition, International Amphitheatre, Chicago, April 13-17.

**29th Annual Safety Convention and Exposition**—Hotel Statler, New York, April 13-17.

**American Society of Tool Engineers**—Annual Meeting, Schroeder Hotel, Milwaukee April 18-22.

**Instrument Society of America**—Southeastern Conference and Instrument Show, Gatlinburg, Tenn., April 20-22.

**22nd Annual Pacific Northwest Purchasing Agents' Conference**—Co-sponsored by the British Columbia, Oregon, and Washington Purchasing Agents Associations, Olympic Hotel, Seattle, April 24-25.

#### MAY

**American Steel Warehouse Association**—50th Annual Convention, Drake Hotel, Chicago, May 3-6.

**Institute of Radio Engineers**—7th Regional Conference and Trade Show, University of New Mexico, Albuquerque, May 6-8.

**National Association of Educational Buyers**—Annual Convention, Hotel Fontainebleau, Miami Beach, Fla., May 11-13.

**American Mining Congress**—Coal Show, Public Auditorium, Cleveland, May 11-14.

## once...is enough!



DAVAC labels  
"built-in" your  
order forms  
SAVE TIME,  
SAVE TYPING,  
SAVE ERRORS.

Why type or write your labels separately when a Nashua DAVAC adhesive label can be included in your form and simplify your shipping operation? With these new Baltimore Business Forms, one typing is enough. The DAVAC label is correct . . . and ready to ship. Find out today how DAVAC can cut your costs. Phone your Baltimore Business Forms representative . . . or write us for samples of forms with DAVAC labels included. No obligation, of course.

## Baltimore Business Forms

THE BALTIMORE BUSINESS FORMS COMPANY  
3130 Frederick Ave., Baltimore 29, Md.



# There Are Many Methods of Meeting Your

Company	Model	Method	Speed	Price	How Distributed
A. B. Dick Co. 5700 W. Touhy Ave., Chicago 31, Ill.	Model 365, 366, 368	Automated offset	4,500-9,000/hr.	N.A.†	Company distributors
	Model 360	Offset duplicator	4,500-9,000/hr.	N.A.	
	Model 355, 358	Automated offset	4,500-9,000/hr.	N.A.	
	Model 350	Offset duplicator	4,500-9,000/hr.	N.A.	
	Model 455	Stencil-electric	12,000/hr.	N.A.	
	Model 438	Stencil-electric	10,800/hr.	N.A.	
	Model 436	Stencil-electric and hand operated	5,100/hr.	N.A.	
	Model 418	Stencil-electric	6,000/hr.; 5,100/hr. paste ink	N.A.	
	Model 412	Stencil-electric	6,000/hr.	N.A.	
	Model 227	Fluid-electric *	6,000/hr.	N.A.	
	Model 215, 225, 226	Fluid-electric	6,000/hr.	N.A.	
Addressograph-Multigraph Corp. 1200 Babbitt Rd., Cleveland 17, Ohio	Model 100, 105	Relief process, hand driven, ink and ribbon	1,500/hr.	\$294, \$323	Multigraph branches
	Model 230, 240	Relief process, motor driven, ink and ribbon	6,000/hr.	\$995, \$1,295	
	Model 250	Relief process, motor driven, ink and ribbon	6,000/hr.	\$2,040-\$2,360	
	Model 339, 349	Relief process, motor driven, ink and ribbon	5,200/hr.	\$1,650, \$2,935	
	Model 359	Relief process, motor driven, ink and ribbon	5,200/hr.	\$2,670	
	Model 379	Relief process, motor driven, ink and ribbon	5,200/hr.	\$2,775	
	Model 439	Relief process, motor driven, ink and ribbon	5,200/hr.	\$2,040	
	Model 449	Relief process, motor driven, ink and ribbon	5,200/hr.	\$3,325	
	Model 459	Relief process, motor driven, ink and ribbon	5,200/hr.	\$3,060	
	Model 80	Offset, Multilith, motor driven	4,500/hr.	\$930	Multigraph branches
	Model 81	Offset, Multilith, motor driven	5,000/hr.	\$995	
	Model 750	Offset, Multilith, motor driven	5,200/hr.	\$1,565	
	Model 1250	Offset, Multilith, motor driven	7,500/hr.	\$2,595	
	Model 1250	Offset, Multilith, motor driven, 3-color process	6,000/hr.	\$2,904.75	
	Model 1250	Offset, Multilith, wide image	7,500/hr.	\$2,995	
	Model 1250	Offset, Multilith, automated features	7,500/hr.	\$3,595	
	Model 1250	Offset, Multilith, automatic sequence control	7,500/hr.	\$4,593.75	
	Model 1260	Offset, Multilith	6,000/hr.	\$2,065	
	Model 1260	Offset, Multilith, wide image	6,000/hr.	\$2,465	
American Office Equipment Co. 24 E. 21st St., New York 10, N. Y.	Model G	Hand operated, paste ink, double drum stencil	2,500/hr.	\$174.50	Dealers
	Model E	Electric, paste ink, double drum stencil	6,000/hr.	\$295	
Bohn Duplicator Co. 444 Fourth Ave., New York 16, N. Y.	Model M-4	BDC Rex-Rotary Mimeograph	4,800/hr.	\$345	Dealers
	Model M-2	BDC Rex-Rotary Mimeograph	3,000/hr.	\$179.50	
	Model R-11	BDC Rex-Rotary spirit duplicator	4,800/hr.	\$275	
Davidson Corp. 29 Ryerson St., Brooklyn 5, N. Y.	Dual-Lith	Offset	7,200/hr.	\$2,650 to \$3,150	Branches, distributors
	Dav-a-Matic	Offset (changes masters automatically)	6,000/hr.	\$1,675 to \$2,650	
	Dual-a-Matic	Offset (Pushbutton operation)	6,000/hr.	\$3,250	
Ditto, Inc. 6800 McCormick Rd., Chicago 45, Ill.	Model 18D60	Spirit, hand operated	7,200/hr.	\$675	Branches, dealers
	Model 14D70	Spirit, electric	7,200/hr.	\$695	
	Model 9D20	Spirit, hand operated	7,200/hr.	\$175	
	Model 9D30	Spirit, hand operated	7,200/hr.	\$249.50	
	Model 9D31	Spirit, electric	7,200/hr.	\$425	
	Model 9D35	Spirit, electric	7,200/hr.	\$575	
	Model 14D75	Spirit, electric	7,200/hr.	\$850	
	Model L-16A	Offset, electric	4,500-8,500/hr.	\$1,995	
	Model L-16B	Offset, electric	4,500-8,500/hr.	\$3,295	
Duplicopy Co. 224 W. Illinois St., Chicago 10, Ill.	Model A-44	Spirit, automatic	7,500/hr.	\$192	Dealers
	Model H-44	Spirit, hand feed	1,200/hr.	\$129.50	
General Binding Corp. 1101 Skokie Highway, Northbrook, Ill.	Models CR, R, R4, CET, RET, RE, RES4	Spirit, Rex-O-Graph	6,000/hr.	\$198 to \$995	Branches, dealers
Gestetner Duplicator Corp. 216 Lake Ave., Yonkers, N. Y.	Model 260	Stencil	10,800/hr.	\$675	Dealers, branches
Heyer Corp. 1850 S. Kostner Ave., Chicago 23, Ill.	Model 70	Mark III Conqueror Spirit, hand operated	6,600/hr.	\$214.50	Dealers
	Model 76A	Mark III Conqueror, Spirit, electric	6,600/hr.	\$299.50	
Master Addresser Co. 6500 W. Lake St., Minneapolis 26, Minn.	Model 100	Spirit, portable	600-900/hr.	\$37.50	Dealers
Multistamp Co. 527-29 W. 21st St., Norfolk 1, Va.	Multistamp	Stencil, hand stamp	3,600/hr.	\$9.50 to \$44.50	Distributors, dealers
Old Town Corp. 750 Pacific St., Brooklyn 38, N. Y.	Model 10	Spirit, hand operated, automatic feed, 9x14	Variable	\$199.50	Dealers
	Model 9H	Spirit, hand operated, automatic feed, 9x17	Variable	\$295	
	Model 9E	Spirit, electric, automatic feed, 9x17	6,000/hr.	\$445	
	Model 14H	Spirit, hand operated, automatic feed, 14x17	Variable	\$435	
	Model 14E	Spirit, electric, automatic feed, 14x17	6,000/hr.	\$545	
Photostat Corp. 1001 Jefferson Rd., Rochester, N. Y.	Model 1115	Masterlith offset	3,400-7,200/hr.	\$3,150	Branches, agencies
	Model 1115 PD	Masterlith offset	3,400-7,200/hr.	\$3,645	
	Model 1115 CPD	Masterlith offset	3,400-7,200/hr.	\$3,800	
	Model 1116A	Masterlith offset	3,400-7,200/hr.	\$3,450	
	Model 1116A-PD	Masterlith offset	3,400-7,200/hr.	\$3,945	
	Model 1116B	Masterlith offset	3,400-7,200/hr.	\$3,575	
Speedliner Co. 4404 N. Ravenswood Ave., Chicago 40, Ill.	Model 74	Spirit	2,400-3,600/hr.	\$84.50	Dealers
Speed-O-Print Corp. 1801 W. Larchmont Ave., Chicago 13, Ill.	Liberator 300	Stencil, electric	6,000/hr.	\$399.50	Dealers
	Liberator 200	Stencil, manual	5,000/hr.	\$199.50	
	Liberator 100	Stencil, manual	4,000/hr.	\$149.50	
	Liberator 75	Stencil, manual	3,000/hr.	\$99.50	
	Liberator 50	Stencil, manual	2,000/hr.	\$44.50	
Standard Duplicating Machines Corp. Everett 49, Mass.	Model RHA	Spirit, hand, 9x14	7,200/hr.	\$258	Agencies
	Model ERA	Spirit, electric, 9x14	7,200/hr.	\$425	
	Model E14EP	Spirit, electronic, 14x13	7,200/hr.	\$1,037	
	Model C18EA	Spirit, dual automatic feed, 18x14	5,000/hr.	\$998	
Vari-Color Duplicator Co. 435 S. Lincoln St., Shawnee, Okla.	Model 100	Stencil-ink, automatic inking	3,700/hr.	\$99.50	Direct from factory
	Model 80	Stencil-ink, open drum	3,500/hr.	\$48.25	
	Model 4	Stencil-ink, postcard size	3,500/hr.	\$16.95	
	Model F-50	Spirit, automatic feed	3,000 to 4,800/hr.	\$99.95	
	Model F-30	Spirit, hand feed	1,800 to 3,600/hr.	\$76.50	

† N.A.: Not available \* For both spirit and Azograph processes



# Duplicating Problems

## Which Method for You?

Method	Use for this No. of Copies	Quality	Cost*
<b>Offset</b> 1. Direct image 2. Photo offset	10 to 5,000 30 to 40,000	Excellent. Both duplicate linework. Photo offset will duplicate photographs. Color work possible.	Depends on size of run
<b>Relief</b>	from 300	Excellent. For line work and halftones, engravings, rubber plates, or special embossed plates are needed. Single color work only.	1/4¢ per copy for long runs
<b>Spirit</b>	10 to 200	Fair to good, depending on condition of master. Non-permanent image. Lack of sharp definition objectionable for some purposes.	20¢ for first 100 copies; 15¢ for second 100
<b>Stencil</b>	10 to 5,000	Good if stencil is properly prepared. Quality decreases after 2,500 copies. Best quality typewritten work needs uniform typing pressure. Line and chart work can be added to stencil by hand.	20¢ per 100 copies

\* These are running costs. In estimating your costs include cost of master, preparing master, paper, etc.

## What Makes Each Method Different

**Offset**—This method closely resembles a true printing process, but recent developments in machine design make it a versatile technique for office use. It is suitable primarily for high-volume, high-quality work. Text, drawings, photos, and color can be reproduced.

Two types of offset duplicating are available for office use:

1. **Direct image:** Copy to be reproduced is prepared on a master plate. Special pencil, crayon, paint, or a typewriter, can be used to make the plate.

2. **Photo-offset:** Anything that can be photographed can be reproduced by this process. Quality is high and long runs are possible. Photo-offset plates come in the form of light-sensitive paper, metal, or plastic. First a negative is made of the copy. Then the plate is exposed to light passing through the negative. Further processing fixes the image on the plate and makes it suitable for use.

### How It Works

Here's how the offset process works: The plate image is oily and repels water. It is bent around a rotating cylinder and made to contact two rollers. One roller wets the plate; the other inks the plate. The ink used also repels water. As the cylinder turns, the plate, with the exception of the image, is wetted. The ink roller transfers ink only to the image.

Further rotation of the plate cylinder brings the inked image into contact with another cylinder—the offset cylinder. This cylinder picks up the inked image and in turn prints it on paper.

**Relief**—This method uses a raised image. Basically the process is similar to letterpress printing. The trade name Multigraph is often associated with relief duplicating.

### Transferred Directly to Paper

Type, embossed metal strips, rubber plates, or curved electrotype plates can be used to print an image on paper. They are mounted on a cylinder and inked by either an ink roller or an ink ribbon. The inked image is transferred directly to paper. Here, also, quality and production runs are high.

**Spirit**—This widely used method also is called fluid duplicating. It is often referred to as the "Ditto" process because of its association with Ditto, Inc., manufacturers of spirit duplicators. A three-part master is used consisting of 1. a master sheet, 2. a carbon paper based on aniline dye, and 3. a backing sheet.

Any impression made on the surface of the master sheet picks up dye from the carbon.

To use, the carbon and backing sheet are discarded and the master placed in the machine. As the machine operates, the incoming paper is dampened with a solvent. The damp paper contacts the master and picks up dye to form a printed image. Quality, length of run, and permanence is not as good as with the other methods. But masters are simple to prepare and can take hand-writing. Operation of the machine is comparatively simple.

**Stencil**—This is a common process sometimes called mimeographing. The image to be reproduced is formed on a stencil consisting of master made of strong paper and impervious to ink. Stencils can be cut by a variety of tools, but usually a typewriter is used. After cutting, the stencil is placed on the machine cylinder. An ink pad is sandwiched between the stencil and the cylinder surface. As paper flows through the machine, ink is squeezed from the pad and through the stencil to leave a printed image on the paper.

## Coated Abrasive Tag Hikes Due in Fall

**New York**—Purchasing agents can expect coated abrasive prices to remain firm over the next six months. A slight increase appears due sometime this fall.

Major producers told PURCHASING WEEK that a price hike may become necessary in the fourth quarter because grain and grinding wheel costs have been rising. This would be the first across-the-board increase on coated abrasives since late 1957.

While most companies said that demand has been picking up, particularly from the auto and aircraft industries, a number of firms complained that they have been forced to continue uncertain production schedules because of the fluctuating market.

A Cleveland manufacturer explained that this was caused by customers placing orders on a week-to-week or even day-to-day basis, keeping minimum inventories and giving him minimum lead time on deliveries.

This trend toward letting suppliers of M.R.O. items carry most of the inventory

was spotlighted recently at a Chicago purchasing conference (P.W., Feb. 23, p 1).

Discussing the pickup in demand, David F. Lord, sales manager for Bates Products, Inc., Chicago said "orders for coated abrasives are holding fairly steady right now, but we didn't get the increase we expected especially in wide belt polishings and sander discs."

He said the pickup has come mostly from metal fabricators on such items as shop rolls, sander belts, cut sheets, and 9 x 11 sheets. In general, Lord said, orders are off some 10% from expectations.

The sales manager of a large New York coated abrasives producer said his company's sales were closely following basic industrial production. He said pressure sensitive discs and sander belts were experiencing slightly greater demand than most other products.

Francis B. Schwartz, asst. sales manager for Metal Removal Co., Chicago, said this was true for his firm also. He said abrasive bands were their slowest product with press-on coated abrasive selling the hardest.

While agreeing with Lord on prices, Schwartz said that as far as metal removal

was concerned, "orders are very good and even slightly better than we expected."

## G.S.A. to Issue Basic Set of Procurement Rules

**Washington**—The General Services Administration will issue late next month a basic set of procurement ground rules for businessmen selling to the government.

The regulations are designed to eliminate conflicting and overlapping procurement rules of various agencies and to sweep them all under one tent applicable to all.

While many of the hundreds of regulations were revised and updated, no major changes in policy are set forth. The Defense Department assisted in drawing up the rules but is the only agency not specifically bound by them.

Additional supplemental regulations covering specific agencies are in the works and C.S.A. hopes these will be ready by year end.

Copies of the general set of regulations will be available from the government printing office at cost of \$2.25.

# CAMPBELL CHAIN OPENS NEW PLANT



## Now, Complete Chain Making Facilities For The First Time On The West Coast

Campbell Chain's new plant at Alvarado, California is the most modern chain plant in the nation. The completely integrated plant is equipped to supply Campbell warehouses in Portland, Seattle and Los Angeles, and makes possible same-day or overnight shipment of Campbell Chain's complete line of welded and weldless chain.

The Alvarado plant marks a major development in the expansion of the company, adding to manufacturing facilities at York, Pa. and West Burlington, Iowa, and warehouses across the nation.

CAMPBELL  
CHAIN

CAMPBELL Chain Company

York, Pa.—W. Burlington, Iowa—Alvarado, Calif.  
E. Cambridge, Mass.—Atlanta, Ga.—Dallas, Texas  
Chicago, Ill.—Seattle, Wash.—Portland, Ore.  
San Francisco and Los Angeles, Calif.



# With More Time . . .

# Using Electronic



Automated  
Work Flow  
Cutting  
At Lock



**BEFORE AUTOMATION** — After buyer made  
typed it on ditto paper for duplication



**BEFORE AUTOMATION** — When ordered  
P.O. was taken from file (rear), receipted

**BEFORE AUTOMATION** — Order follow-up procedure required an estimated 25% of buyer's time. Here buyer goes through four tub files to locate any orders requiring expediting or other actions. After locating orders, buyer would have to dictate letters.



# Brain... Lockheed's Buying Runs Like Clockwork

Has Streamlined  
of Purchasing  
erwork, Delays  
l-Georgia Unit



**AFTER AUTOMATION**—P.O. for department is typed and tape punched in one operation. Tape is fed to the printer (rear) for copy routing.



**QUICK ROUTING** of order copies via tape eliminates expediting need. Accounting printer receives data as clerk continues work.

Electronic brains have recently gone to work for buyers at the Marietta, Ga., Division of Lockheed Aircraft Corp. With purring efficiency, data processing has swept buyers' desks clear of clerical details, interruptions, and delays. Now, buyers buy, and with more time, buy more wisely.

Pictures displayed here sketch how automation has streamlined purchasing work flow, and highlight contrast with former manual operations.

Here is a brief work flow process of automated purchasing as now used at Lockheed-Georgia:

1. Purchase order (P.O.) is typed on Flexowriter in purchasing department. This single operation produces a typed order copy for purchasing department files, and a punched tape order copy.
2. Tape then is fed to purchasing department printer-sender that actuates tape printers in four departments to produce order copies instantly. The four departments are receiving, receiving inspection, amount payable, and data processing.
3. Information on order receipts is typed on a Flexowriter in receiving—tape is cut at same time. This tape then is sent, via printer, to the other four concerned departments.
4. The tape originally received at data processing from purchasing is used to transfer order information (via card transfer) to an I.B.M. 705 data process machine. Also, tape received at data processing from receiving department (after material receipt) is fed to the #705 machine. (Price change notices also are cleared through data processing.)

- Results:**
- a. Instant, simultaneous receipt of P.O. information by all concerned departments.
  - b. Elimination of need to expedite manually routed data.
  - c. Reduction of filing space requirements.
  - d. Reduction in costly manual clerical operations.
  - e. Increase in information available to buyers, faster, more accurate information, and less clerical details for buyers through services of the "brain" in data processing.

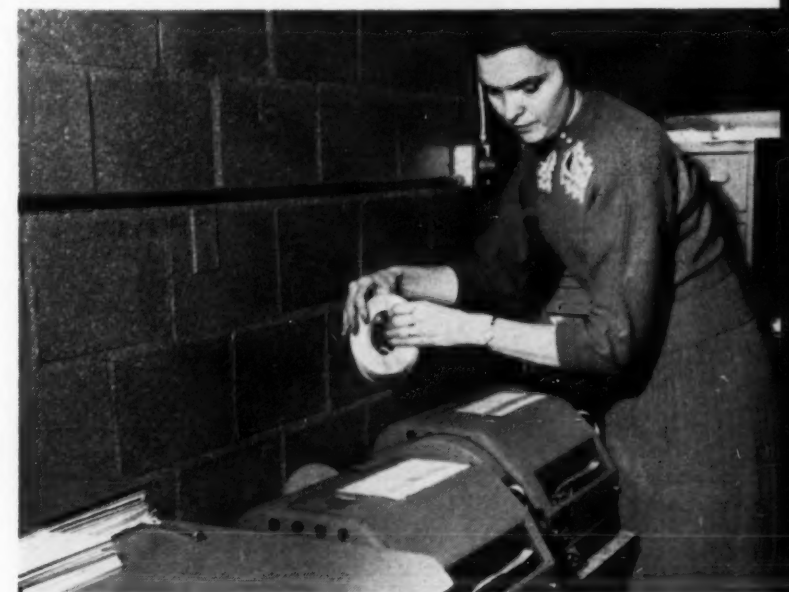
Here are just three ways Lockheed purchasing men have benefited from the "brain:"

1. Open-order status reports are available to buyers thrice weekly.
2. Price histories on every item bought at the plant are posted weekly, with all late price changes noted.
3. Follow-up letters are written automatically to the right vendor at the right time. (P.A. looks over letters, signs—see picture in clock.)

Automation is still in an initial phase at Lockheed-Georgia. With a workload based on 90,000 purchase orders processed yearly, Lockheed-Georgia has at first aimed data processing and automation directly at the paper work problem. First step has been to automate purchasing and inventory procedures concerned with miscellaneous small parts. These items have small value, high volume, and required a lot of paper work.

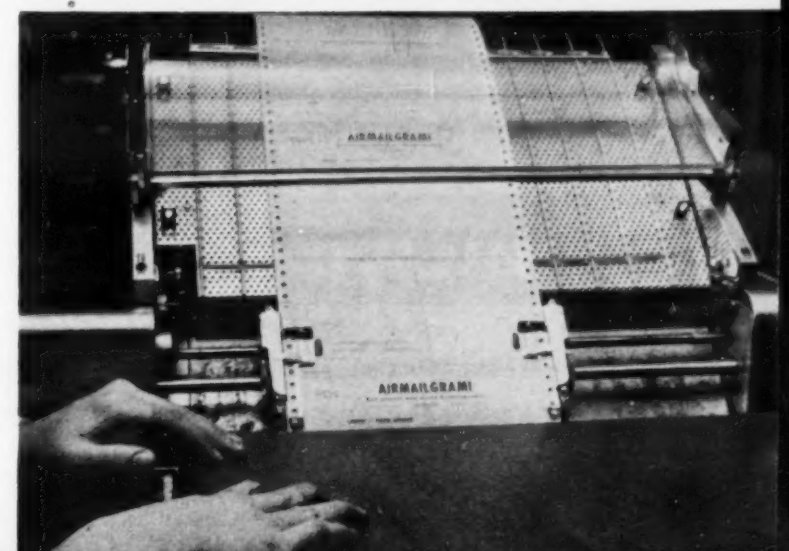


**EASY HANDLING** of taped P.O. data reduces file space requirement. Receiving stores data in eight tubs; formerly had 120 drawers.



**PROMPT SERVICING** of buyer needs by data processing center starts with receipt of P.O. tape. Tape then is fed into I.B.M. brain.

**SPECIAL ASSISTANCE** to purchasing by I.B.M. printer is shown. Printer automatically prepares follow-up letters as one service.



wrote order, clerk  
and copy routing.



ial was received,  
entries duplicated.



## Competition May Not Be Enough To Stay Small H.P. Motor Price Hikes

(Continued from page 1)  
opinion. A company spokesman put the coming hike at around 5%.

On the other hand, two other Midwest producers predicted prices would remain steady or perhaps drop.

"We've just got to make these motors cheaper this year to sell the volume we want to," one remarked. The other gave "growing competition in imports from England and Belgium" as the reason for a freeze on prices.

There was no disagreement, however, on the one point: Competition for growing markets will continue to bring rapid technological improvements.

For example, the Reliance Electric & Engineering Co., Cleveland, recently introduced a package drive system with one small thyrotron tube which produces speeds in the eight-to-one range or greater at the turn of a knob, providing better flexibility.

One of the biggest motor makers is reported about to come out with a "throw away" unit which it says is 40% more efficient than conventional types in the same bracket. It says this motor, which will be put on the market in about a month, will be cheaper to throw away after a year or so than it will be to maintain. Expected to sell for from \$3 to \$6, the first motors in the new line will have capacitor ratings up through 1/15 h.p.

Major developments in several

areas have paved the way for strong growth potential in the "small motor" industry. For one thing, there is increased usage in controls for automatic machinery where the fractionals are used in servo-systems, sensing and transferring control signals.

As one Chicago firm put it: "New applications for these products are as numerous as items in Macy's basement."

Other applications include automatic egg washers, coin changers, vending machines, blue print machinery, toys, cutter head drives and other machine tools, can openers, medical and therapeutic devices, and ad infinitum.

Here is a sampling of some improved production methods that should be of interest to purchasing agents:

- Assembling casings with chemical adhesives rather than conventional fasteners.
- Using bronze bearings that cut down friction and noise.
- Automatic winding machines for setting oils.
- Housing parts made from aluminum or zinc die castings instead of cast iron or welded steel.
- Supporting motor shaft in continuous amic oil film with a capillary retention system that prevents excess losses of oil from the lube system and thus requires servicing only once a year.
- Basic designs that can be adapted easily to specialized but varied small motor-driven products.



AUTHOR, A. L. McMillan, left, discusses his new books for purchasing. Together they outline purchasing's principles, tell how to plan a purchasing study course.



## 2 New Books Added to Purchasing Literature

New York City P.A. Covers Field in Two Books; Follows Beginner Through to Point Where He's Training Other Men

**New York**—Two new books published today add to the growing list of literature aimed specifically at the purchasing man. The first, "The Art of Purchasing," spells out the principles of purchasing, while the second, "How to Teach Purchasing," outlines a program for study courses in purchasing.

Both books are written by A. L. McMillan, former director of purchase, City of New York. They are published by Exposition Press, Inc., 386 Fourth Ave., New York 16, N. Y. Respective prices are \$7.00 and \$2.50.

In an interview (above) with members of PURCHASING WEEK's staff Mr. McMillan described his book, "The Art of Purchasing," as a discussion of the principles of purchasing. As such it emphasizes how the purchasing function should be carried out.

### P.A.'s Duties Outlined

A review of the book bears the author out. It details the purchasing agent's duties and how he should perform them. His responsibilities and the limitations of his authority are defined. And the book fully explores the area of joint responsibility and interest between the P. A. and the various groups that use the products he buys.

All this is presented in a clear, easy to read style suited for students interested in purchasing as a profession or for beginners wishing to learn more about their field. Besides students and beginners, established P.A.'s will find much of value in "The Art of Purchasing."

Some of the more obscure areas of responsibility like disposal of surplus, scrap, and salvage are analyzed with problems anticipated and solutions recommended. For instance, how do you price salvage? The author points out that virtually the same methods used by the buyer in finding a purchase price work best. There's this difference: The buyer now asks, "How much can we sell it for under these conditions?"

As a starter, the author divides the purchasing department into two basic functions: 1. The service function, and 2. the management auxiliary function. To perform the first, purchasing procures the goods and services

needed without injection of personal ideas or choice. The users have the responsibility of making the most of what purchasing buys. But it is they who determine what is needed.

Some purchasing agents will undoubtedly quarrel with this viewpoint. The duties of these purchasing agents, however, generally extend beyond the purchasing department and are not so clearly defined. The fundamental concept of the purchasing function remains buying what other departments need.

The second function makes purchasing an adjunct of management. Management is primarily concerned with men, money, and materials. The purchasing department is obviously the special department that looks after the material phase of management's concern. Purchasing is an auxiliary department rather than a line department. It works with the line departments through the service function, but reports to top management.

Elsewhere in "The Art of Purchasing," the author covers such subjects of concern to purchasing as business law, fair market price, planning and administration, inventory control, market trends analysis.

The subject of value analysis is only briefly touched on. This is deliberate, according to the author. He classifies value analysis under three headings: quality—price analysis, market—vendor

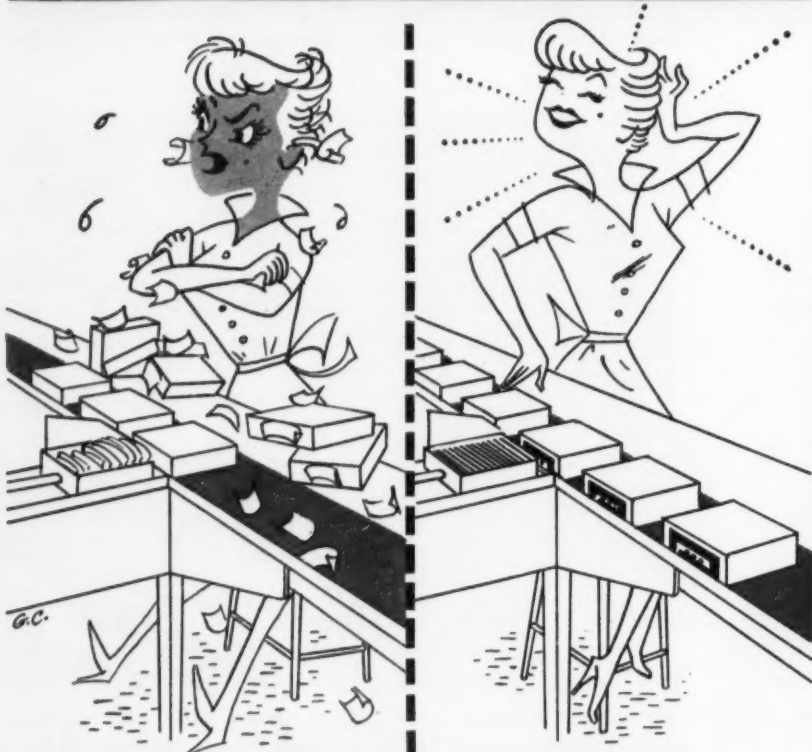
analysis, and design—process analysis. The first two are already the responsibility of the purchasing department. They are necessary tools if the service function is to be performed adequately. The third, design—process analysis, requires additional specialists—engineers, chemists, accountants. Here purchasing can contribute, but the full responsibility does not belong to it.

In a chapter headed "Standardization and Quality Control" standards are regarded as a problem that can best be handled by a committee of interested parties. Here also purchasing contributes because of its interest in specifications and their relations to quality, price, and availability.

At the end of each chapter the author lists questions for review and discussion. These are designed to lead the student into exploring further the principles outlined in each chapter.

McMillan's second book, "How to Teach Purchasing," is designed for use with "The Art of Purchasing" as the text for a training course in the fundamentals of purchasing. It tells how to plan the study course, and provides ideas on lectures and special talks related to purchasing. Heart of the book is "Purchasing Technique Course." Ten classroom sessions beginning with the selection of items to be bought and ending with the disposal of surplus are outlined.

## FABULOUS "LABELS"



"When labels are curly and girls are surly,

You can stop all that with PermaFlat!"

Wise purchasing agent! He analysed the value and protected his company. Now, his labels are printed on Dennison PermaFlat Gummed Paper . . . the easiest handling label paper ever made. And everybody else is happier, too . . . printer, production manager, packaging crew. Yes, for better labeling, it pays to specify . . .

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Sureseal, with exclusive Turn-Cuff, gives maximum security against crippling accidents and skin diseases wherever hands are exposed to chemicals, solvents, oils, etc. Sureseal means savings, too, because production increases and costs drop where injury causes are minimized.

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# N.S.M.P.A. Official Asserts P.A.'s Can Cut Costs with More Confidence in Suppliers

Screw Machine Product Suppliers, Composed of Specialists, Are in Position to Offer Buyers Money-Saving Suggestions

**Cleveland**—A little more confidence in suppliers can often pay off in reduced costs, a top official of the National Screw Machine Products Association declared last week.

Orrin B. Werntz, executive vice president of the association, asserted that poor communications and lack of mutual confidence between purchasing agents and suppliers add up to excessive expenditures for purchased component parts. The bill for inadequate supplier-customer confidence adds up to "millions of dollars annually" for American industry, he said.

Werntz, whose association represents independent producers of machined component parts, said the key to cost reduction often lies in full utilization of "the

vast knowledge and experience of suppliers."

The N.S.M.P.A. executive stated that in terms of the screw machine products industry, suppliers are in an excellent position to offer money-saving suggestions to customers—if they will only take them. The industry today is composed of engineering specialists, he said, with the "one-man, back-alley" shop no longer typical.

Buyers of screw machine products often are ignorant of the flexibility of the screw machine and the "amazingly varied operations it can perform," Werntz said. Principally suited to minimum production runs, Werntz said screw machines also can hit production cycle speeds of more than 6,000 pieces an hour, turn out parts with tolerances as low as 0.0005 in a wide variety of sizes and shapes.

## Cost Cutting Suggestions

Following are some cost-cutting suggestions on screw machine products:

- Guaranteeing a total production run even if the total quantity is not completed in a single run. This enables the supplier to absorb extra tooling costs.
  - Complete understanding of inspection requirements. This eases delivery schedules as well as eliminating unnecessary costs.
  - Sufficient lead time in ordering parts can frequently eliminate costly multiple setups by the producer.
  - Advance determination of long-range requirements allows the supplier to buy less expensive mill shipments instead of higher cost warehouse deliveries.
  - Elimination of overspecification of blueprint dimensions.
  - Determination whether secondary operations originally thought necessary can be eliminated and the piece completed on a screw machine.
  - Check to determine whether expansion of tolerances and concentricities can be allowed to reduce subsequent machining and inspection costs.
  - Relaxation of demands on surface finishes without impairing product quality.
- "Often times," Werntz concluded, "simple suggestions reduce costs, make possible better customer service, and in certain cases actually improve the quality of the part."

## Syracuse Group Sponsors 4-Part Purchasing Course

**Syracuse, N. Y.**—A four-part course, designed to meet the day-to-day needs of purchasing executives, will open here April 1 under the sponsorship of the Purchasing Agents Association of Syracuse and Central New York.

The remaining sessions will be held on three succeeding Wednesdays. Businessmen and instructors from universities will be lecturers.

Topics and lecturers include: Organizing a Purchasing Cost Reduction Program, Louis J. DeRose; Increased Profits by Progressive Purchasing, G. O. Pratt; Evaluation of Contract Proposals and Contract Negotiations, Marvin Klang; and Administration and Evaluation of the Purchasing Function, E. F. Andrews.

## Value Analysis Discussed

**Kalamazoo, Mich.**—A film strip, "Cost Reduction Through More Effective Buying" was supplemented by two members' talks on value analysis and standardization at the March session of Kalamazoo Valley P.A.A.

Richard Waber of MacSim Bar Paper

and Earl Nelson of Checker Motors presented cases where value analysis aided their firms.

## Bid, Negotiated Buying Topic at N.Y. Meeting

**New York**—There's no mystery to negotiated buying, a General Electric Co. purchasing official and a management consultant emphasized at the March meeting of the Purchasing Agents Association of New York.

Charles B. Adams of G.E. and Louis J. DeRose explained that in negotiated buying a firm purchases management and engineering along with the product while in bid-buying a standard item, product or service only is sought.

Bid buying is old fashioned because industry today needs more than just price comparison, Adams emphasized. Negotiation does not eliminate bid buying but supplements it, he declared.

Adams illustrated his talk with a film strip which emphasized that negotiated buying forces a P.A. to know design, engineering, production, and manufacturing.

In government purchasing, bids are used to prevent fraud and collusion, DeRose said. Nevertheless, the federal government now negotiates 85% of its purchases, DeRose pointed out.

If government can do away with most of the bid buying, it is time for industry to use negotiated buying to a higher degree, he said.

"Can you think of anything easier than taking the lowest of three bids and awarding the order. There's no trouble. If the delivery is late, purchasing can always say that engineering's specifications were too difficult," DeRose pointed out.

On the other hand, a highly-trained P.A. can use negotiated buying as his entrance to management's table, DeRose said.

## Dallas P.A.'s Hear Panel Discuss Value Analysis

**Dallas**—The March meeting of the Dallas P. A. Association provided some specific examples of the money-saving aspects of value analysis and standardization.

Gerdes W. Rice, of Lone Star Gas Co., led a panel discussion which stressed the practical aspects of value analysis and standardization programs.

One of the panelists, Harry C. Hankins of Southern Union Gas, reported that his company's standardization program had in four years reduced a \$3.5 million inventory containing 21,000 items in stock to \$2.3 million with only 5,300 stock items.

Jimmie D. LaHaye, of Johnson & Johnson, cited an example of how standardization profitably "worked in reverse" as a fresh and different approach to one problem and caused his company to abandon a conventionally-designed package for something new.

Also providing some dollar-and-cents examples were panelists Robert C. Kelley, Dresser Industries; Harold M. Stockton, Dallas Power and Light; and Roy E. Baxter, Eastman Products.

Ray Stephenson, Magnolia Petroleum, rounded out the program with a five-minute "quickie" on how to educate suppliers to ship according to purchase order specifications. Dr. Harold Weiss, professor of speech at Southern Methodist University, spoke on how good public speaking can aid purchasing agents.

## Alabama P.A.'s To Lecture At New Purchasing Classes

**Birmingham, Ala.**—University of Alabama and Alabama Polytechnic Institute (Auburn) have formed purchasing classes

in cooperation with the Purchasing Agents Association of Alabama.

Association members will be guest lecturers. Those named for the spring term are: John P. Voyers, Republic Steel Corp.; Harlan E. Cross, U. S. Pipe & Foundry Co.; Oscar M. Stagg, Jr., Southern Railway and Warrior & Gulf Navigation Co.; George L. Wilson, Jefferson County purchasing agent; and L. C. Highfall, Reynolds Metal Co.

## Notre Dame's Prof. Raymond Heard by South Bend P.A.'s

**Niles, Mich.**—Unrealistic specifications were covered at the final session of the five-part educational program of the Purchasing Agents Association of South Bend.

Prof. Vincent R. Raymond, of the Notre Dame College of Commerce, reviewed a case history on file at the Harvard Business School. A film, which traced a design-production purchasing problem from its inception, supplemented the lecture.

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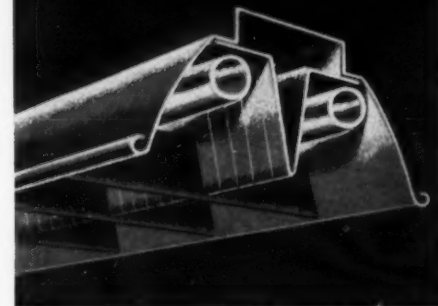
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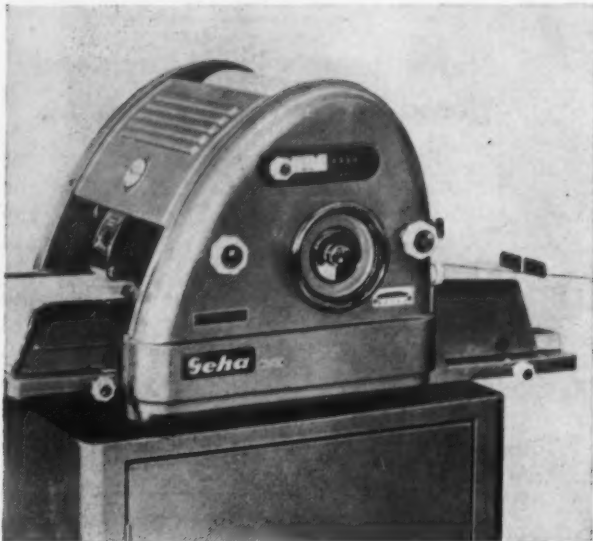
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### Duplicator

#### For Any Weight Paper

Electric paste-ink stencil duplicator is used with all types of papers. The feed stops at a predetermined quantity and operating speed is adjustable. Rising feed table will hold full ream of paper. Model 200 DA includes automatic slipsheeting attachment.

Price: \$625 (200DA) and \$550 (200). Delivery: immediate.

Milo Harding Co., 145 Tempo Building, Monterey Park, Calif. (P.W., 3/30/59)



### Pushbutton Phone

#### Speeds Inter-Office Calls

"Executive" telephone is equipped with pushbuttons to allow key men to contact each other directly. When line is busy the phone holds the call until it is free but executive may cut in on the busy line he desires. Illuminated button shows status of all calls.

Price: \$210 (1 phone and switching unit.) Delivery: immediate.

Tele-Norm Corp., 55 W. 42nd St., N.Y.C. (P.W., 3/30/59)



### Safety Latch

#### Guards Hoist Loads

Safety latch prevents a load from dropping off hoist hooks. It can be attached to any hoist hook in a matter of minutes with simple hand tools. It consists of two parts; clamp-on collar and corrosion resistant, spring-loaded safety latch which fits into the hook opening. Lugs on both sides of the latch allow personnel to set or release the device without placing their fingers in the hook opening.

Price: \$2.25 to \$3.50 depending on size. Delivery: immediate (distributors).

Harrington Co., Plymouth Meeting, Pa., (P.W., 3/30/59)

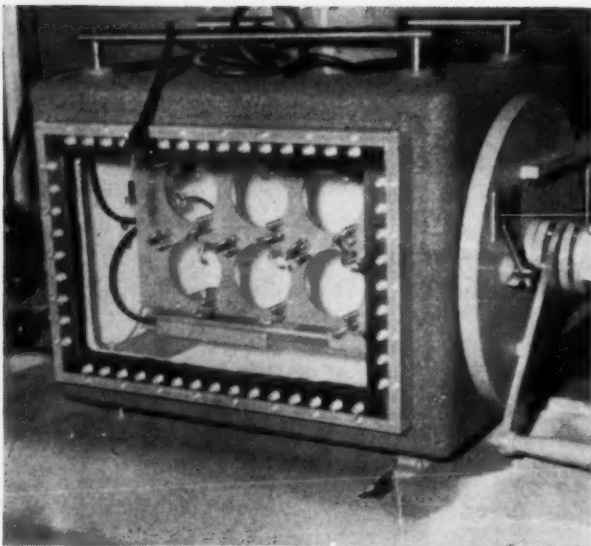


### Water Dispenser

#### Serves Hot and Cold Water

HCH-5 bubbler type electric water dispenser serves hot and cold water and provides refrigeration for foods and beverages. The unit will deliver 60 6-oz. cups of 190F. water per hour for instant hot beverages, and enough 50F. cool water to service 60 people an hour. The refrigerator compartment freezes two trays of ice cubes and it can be locked to insure privacy. The cooler's fully sealed refrigerant system is enclosed in an infra-red baked grey steel cabinet with a stainless steel top.

Price: \$440. Delivery: immediate. Cordley & Hayes, 443 Fourth Ave., New York, N. Y. (P.W., 3/30/59)



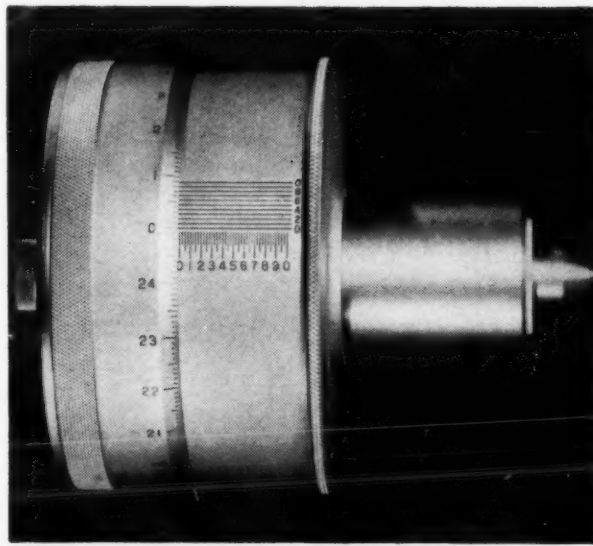
### Test Chamber

#### For Pressure and Vacuum

Model 16-13-8 allows tests under both pressure and vacuum conditions. It can hold up to 8 instruments at one time. A double safety door insures an airtight seal and the sample rack slides out for loading. Available with operating pressures from 0.005 in. abs. Hg. to 100 in. abs.

Price: \$1,425. Delivery: 30 days.

Ideal-Aerosmith, Inc., 3913 Evans Ave., Cheyenne, Wyoming. (P.W., 3/30/59)



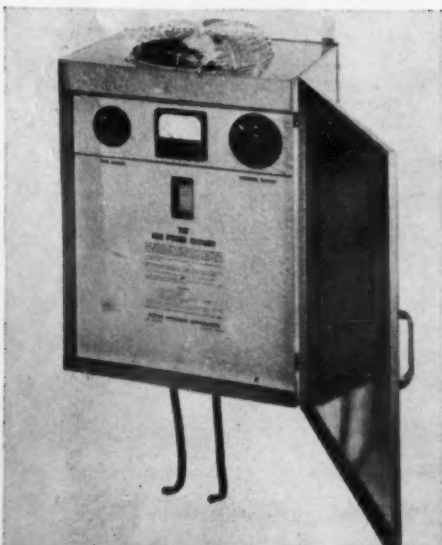
### Precision Micrometer

#### For Super-accurate Use

Ultra-precision micrometer is accurate to plus or minus ten millionths of an in. per in. Designed for gage, instrument, and machine tool manufacturers, it has a 4 in. dia. barrel and is available in size ranges of 0-1 in. and 0-2 in. The lead screw barrel and nut of each unit is calibrated as an integral unit and registered.

Price: \$395. Delivery: 4 weeks.

Sheffield Corp., Dayton, Ohio. (P.W., 3/30/59)



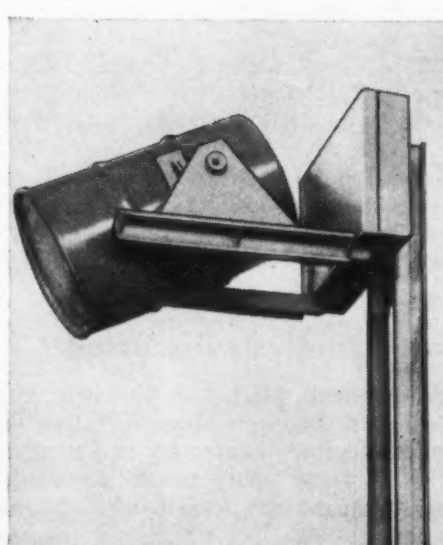
### Battery Charger

#### Offers Automatic Operation

Power-MAC battery charger automatically adjusts its rate of charge to match the needs of the battery. It can be used to charge lead-acid batteries in lift trucks, personnel carriers, and other heavy-duty electric vehicles. Models available for 6, 12, or 18 cell batteries. When the battery is fully charged, the unit shuts itself off. Automatic overload protection is built in and interior components are cooled by a 1,000 cfm. fan.

Price: \$87.40 to \$360. Delivery: 30 days.

Motor Appliance Corp., 5737 W. Park, St. Louis, Mo. (P.W., 3/30/59)



### Fork Truck Attachment

#### Handles Barrels and Drums

Fork truck attachment handles wooden barrels and steel or fibre drums through clamping pressure and dumps their contents by hydraulic tilting action. It can handle objects from 18-26 in. in dia. and all operations are controlled by the operator from his driving position. It can lift, clamp, rotate, lower, and tilt any load up to 1,000 lb. Slip-on curved pads prevent the crushing of fragile objects. Barrels or drums can be picked up only when in the upright position.

Price: \$1,495. Delivery: 8 to 10 wk. Lewis-Shepard Products, Inc., Watertown, Mass. (P.W., 3/30/59)



# New Products

Another PURCHASING WEEK service: Price and delivery data with each product description.



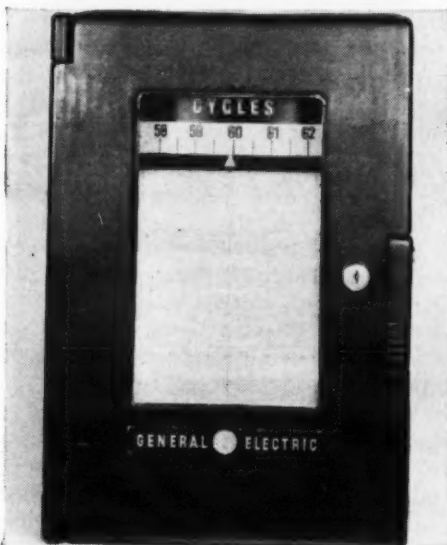
## Drill Press

### Offers Versatility

New series of 17 in. industrial drill presses is designed for flexible production tooling. More than 75 models include floor and bench units, standard or power feed and single or multiple spindles. Key chuck capacity is 0-1/2 in. Maximum hole size is 3/4 in. in cast iron and 5/8 in. in steel.

Price: From \$270. Delivery: immediate.

Rockwell Mfg. Co., 400 N. Lexington Ave., Pittsburgh, Pa. (P.W., 3/30/59)

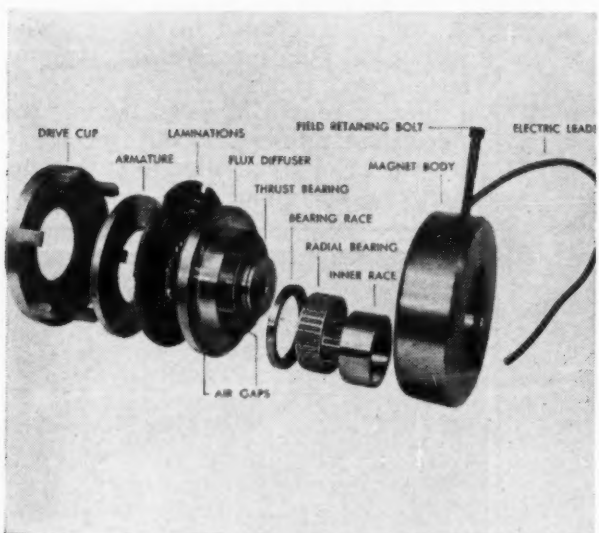


## Frequency Recorder

### Records Narrow Range

Narrow-range frequency recorder for utility and industrial applications that demand a close check on frequency. It operates within the narrow range of 58 to 62 cycles with an accuracy of  $\pm 0.05$  cycles. The unit is completely self-contained and is available for compact semiflush or surface panel mounting, or it may be used as a portable instrument. A standard 6-in. record roll was calibrated for four cycles rather than ten to give higher accuracy and greater readability.

Price: \$550 to \$650. Delivery: 8 wk. General Electric Co., Schenectady, N. Y. (P.W., 3/30/59)



## Magnetic Clutch

### Eliminates Maintenance

Series EC-S virtually eliminates the need for transmission maintenance. Units are more compact than standard models and need no air gap adjustments or brush maintenance. Five sizes with torque ratings ranging from 14 through 290 lb. ft. are currently available with a variety of control voltages.

Price: \$112 to \$1,190. Delivery: immediate.

I-T-E Circuit Breaker Co., 1900 Hamilton St., Philadelphia, Pa. (P.W., 3/30/59)



## Ultrasonic Cleaning Tank

### With Integral Heaters

TH series of ultrasonic cleaning tanks feature integral heater elements and dual thermostatic control. They are available in eight standard sizes ranging from one to 30 gal. of cleaning fluid capacity. The heating elements are attached directly to the tank walls. One of the thermostats keeps the liquid at the desired temperature and the other disconnects the heater when the tank is empty. All elements are enclosed and protected by a jacket.

Price: From \$415 to \$3,650. Delivery: 1 to 4 wk.

Branson Ultrasonic Corp., 37 Brown House Rd., Stamford, Conn. (P.W., 3/30/59)

## This Week's

# Product Perspective

MARCH 30-APRIL 5

Materials handling, one of industry's prime cost cutters is undergoing some changes. New equipment designs, the use of electronic controls, new techniques are pushing materials handling hard.

These are some of the trends worth watching:

More new plant builders are splitting up the responsibility for installation of production machines and associated conveyors. Usual way of doing business was to have the machinery vendor also engineer and install the conveyor system. Many buyers are finding that this leads to expensive over-engineering. Now the machinery maker installs his machines and the conveyor manufacturer designs and puts together a system for keeping the machines operating.

Both conveyor designers and users are aiming at keeping conveyors completely off the floor—suspending them from the plant's ceiling. This would save floor space. But they run into this problem: getting the material up and down.

Biggest influence on conveyor design right now is the Post Office Department. It is building some 14,000 installations, all heavily conveyORIZED. Out of this experience, the conveyor makers expect to come up with many new industrial applications. Meanwhile the Post Office is experimenting with electronic sorting and dispatching of letters and packages. There's potential here also for conveyor users.

But biggest stumbling block to automated handling is management concern over the direct-indirect labor ratio. One conveyor builder describes an installation that was turned down even though it would save 150 men. Management boggled over the extra four maintenance men that would be needed.

In monorail equipment, almost all new installations are custom-designed jobs based on standard equipment. New plants with 80 to 100-ft. bays are making good use of long-span and 2-truck cranes. And in some installations, the entire plant is blanketed with a crane. Newly designed interlocking transfer tracks are making this possible.

Higher capacities and faster speeds are two trends. A 20-ton crane is common today; in 1945 you saw lots of 5-ton units. In 1945 hoisting speed hit 16 fpm. and travel speed was 120 fpm. Now 50 and 700 are common.

Ac. controls permitting 2 or 3 speeds instead of variable-speed motors are becoming more popular. One-shot lubrication systems and sealed-for-life bearings have just about taken over. Obvious advantage is reduction in maintenance.

In hoists, the trend is toward motorized trolleys. Seventy-five per cent of the hoists bought have powered trolleys. This is especially true of the less-than-3-ton hoist. Special hoists can be had that do repetitive operations automatically.

Easily tangled string controls are rapidly being replaced with push-button pendants. Many more hoists have magnetic brakes. And motors are being designed for 30-min. continuous duty rather than 15.

In gas-powered fork trucks, you'll find higher capacities and more special attachments available than ever before. And four-wheel drive is an optional feature of many makes. More trucks are using LPG as fuel.

Research money is being devoted to the design of trucks that are more comfortable for the operator. The fluid clutch is replacing mechanical clutches.

In narrow-aisle trucks, 4,000 lb. capacity is the biggest available. Their design lets them maneuver in narrow aisles. But you pay a premium for this feature. One truck has two wheels that turn 90 deg. so that the truck can move sideways into an aisle and handle long objects like carpets.

In electric trucks, the advent of more powerful batteries will mean you can get 24-hr. service out of your electric. They'll also permit more attachments that use power. Better controls are being developed to cut power waste and provide smoother operation. More special large machines are being built.

Looking into the future the manufacturers are searching for some kind of energy cell to replace the battery.

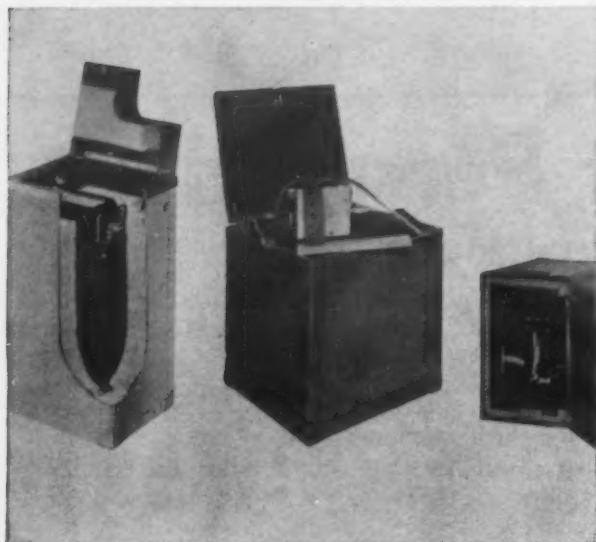
In automatically-controlled trucks, development work is aimed at operatorless trucks. A radio-controlled truck is already available. One man picks orders and radios stop-start signals to the truck without touching it.

Automatic battery charging is another development. Truck-mounted chargers charge the truck's batteries during short off periods. There's no need to take the truck out of operation for a whole shift.



## Your Guide to New Products

(Continued from page 19)



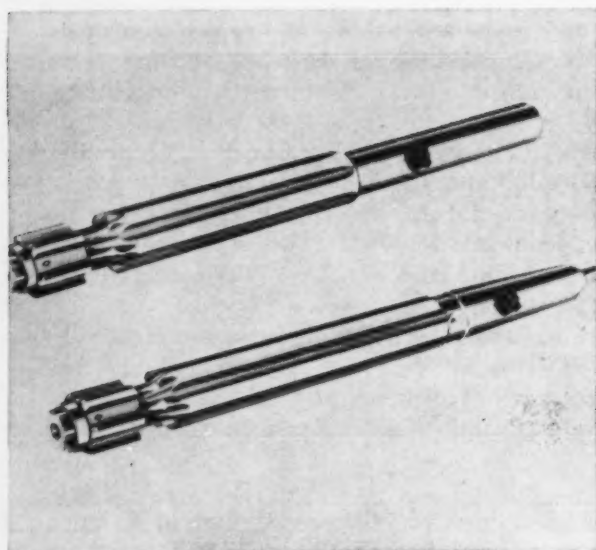
### Shipping Containers

#### Reusable

Kennett containers are designed to offer damage-free arrival of equipment. They feature minimum weight, high strength, maximum protection, and long life. Containers come in three constructions: standard padded, dunnage board, shock cradle.

Price: from \$11.55 (depending on construction). Delivery: 2 to 4 wk.

**National Vulcanized Fibre Co., 1059 Beech St., Wilmington, Del. (P.W., 3/30/59)**



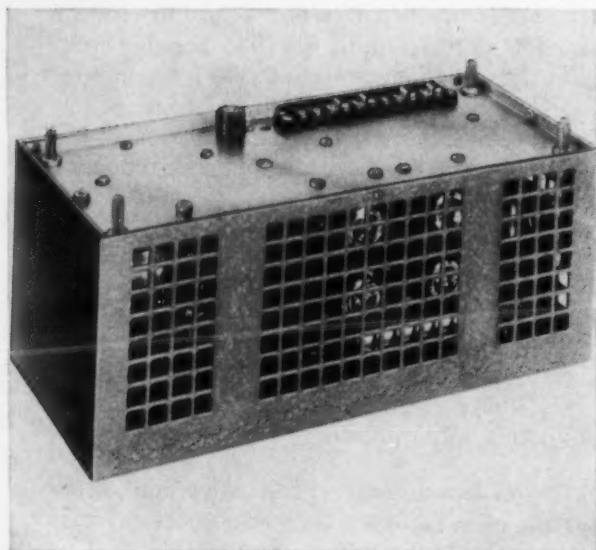
### Reamer

#### Compensates for Wear

Carbide tipped expansion chucking reamer has a replaceable shell that can be expanded to compensate for wear during use. The reamer will expand uniformly in all directions, usually eliminating further grinding. When shell has been expanded as far as possible it can be replaced.

Price: \$22.96-\$42.93. Delivery: immediate.

**Standard Tool Co., 3950 Chester Ave., Cleveland, Ohio, (P.W., 3/30/59)**



### Power Supply

#### Fully Transistorized

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### Purchasing Week Definition

## Defining Materials Handling

There are many different definitions of materials handling, but the Materials Handling Institute takes the whole concept and breaks them into these elements:

**1. Materials handling is motion.** It is concerned with moving parts, materials, and finished products from place to place.

**2. Time.** Supplies must reach each step in the manufacturing process when they are needed. Materials handling must assure that no process or customer need will be hampered by having materials arrive on location too late or too early.

rive on location too late or too early.

**3. Quantity.** Rate of demand varies between steps in the manufacturing process. Materials handling has the responsibility of being sure that each location continually receives the correct quantity of parts.

**4. Space.** Storage space, both active and dormant, is a major consideration in any building because space costs money. Space requirements are greatly influenced by the materials handling flow pattern. (P.W., 3/30/59)

## Purchasing Week SPECIAL REPORT

# Rising Demand

**New York**—Purchasing executives can expect the price they pay for aluminum ingot to jump by 1 to 1½¢ a lb. this summer. Both rising demand and expected wage boosts for aluminum workers are behind the boost that the producers

hope to put into effect after the current price freeze expires on July 1.

That's one of the important conclusions that comes out of PURCHASING WEEK's special aluminum roundup. Top aluminum authorities plus the research of P.W. economists have also brought out these other important developments regarding the light metal:

- Both production and usage of aluminum this year will outpace the 1958 level by 8%. That output level will just pass the previous yearly record set in 1956.

- Continued world overcapacity and threats of renewed Soviet aluminum activity will keep prices under pressure for at least another two years.

- Despite hopes on the part of U. S. producers, no government protective action on aluminum is likely in the near future.

- Purchasing agents for firms manufacturing auto parts, electrical equipment, appliances, packaging materials, furniture, canning materials, and construction materials will find their purchases of aluminum increasing the most in the near future.

- In certain cases both direct and indirect discounts have been made available to aluminum buyers. And other non-price considerations, such as technical and advertising services can be negotiated.

PURCHASING WEEK is bringing you this special report on aluminum in light of the tremendous growth in the use of the light metal during the past ten years, and because aluminum demand continues to grow at a very rapid pace.

In fact, aluminum is a very new material in the P.A.'s bailiwick when compared to most other metals. Known as the "light" or "white" metal, aluminum has been transformed from a costly scientific curiosity to a vital ingredient of today's industrial economy within the life span of men now living.

In making aluminum, bauxite, the basic raw material, is converted into alumina (aluminum oxide) which then is reduced to form pig aluminum.

Until 1941, Alcoa remained the only U. S. producer. But the tremendous boost given aluminum during World War II attracted other firms into production. To-

day, there are six producers plus a host of independent fabricators who process pig aluminum obtained from the primary producers in the U. S. and Canada.

However, the tremendous growth of the industry during the last ten years has not come without its expected share of problems. Not the least of these is overcapacity. Based on overoptimistic forecasts of demand, the industry sharply expanded its productive facilities during the past five years.

By the end of 1958, total annual industry capacity had reached 2.2 million tons. And that total will increase another 400,000 tons by early 1960.

Demand for the light metal, and consequently production, just hasn't kept pace with this capacity expansion rate. Output in 1958 was barely under 1.6 million tons, a decline of 5% from the 1957 total (see chart page 21). That total was also some 7% below the yearly record set by the industry in 1956.

However, as the chart indicates, aluminum production is back on the upswing. First quarter production this year is likely to outpace the year-ago level by some 15%, especially in the light of the new output record set for the second month in a row in January.

Pricewise, producers are known to usually hold the line quite closely. But such devices as freight rebates, special services, and free advertising (see Watson interview), are available to buyers at certain times. Other sources report foreign and occasionally domestic aluminum is available at discounts of 1½¢ a lb. or more to domestic fabricators. This is partially done through shipping savings on aluminum that is sold to buyers freight allowed.

But no matter how the price situation shapes up in the second half of the year, just about every P. A. will find his buying of aluminum on the upswing. So whether you will be interested in the expanding "hot metal" area (see Watson, Knutson, Malcuit, and Henry interviews), or will do most of your light metal buying from independent fabricators, this special report will be of great value in your future purchasing operations.

### I—The Users' View

#### Knutson Notes:

**Have No Difficulty  
In Obtaining Metal  
In Needed Quantity**

With aluminum content per automobile almost four times what it was ten years ago, the Ford Motor Co. is vitally interested in the availability of the light metal. "We have had no recent difficulty in obtaining aluminum in the quantity required. The last real shortage was in 1955 when secondary supplies got pretty tight."

Speaking is E. S. Knutson, Ford's Manager of Purchasing Research. "Distribution locations of aluminum producers for the moment are not necessarily compatible with out plant usage. However, aluminum distributors have started a "delivered price" policy, Knutson explained "And for short cycle, sudden spurts we have found that we can get aluminum when we need it," he added.

Regarding the international aluminum market, Knutson said, "We at Ford are not buying any foreign aluminum at the moment. However, if there would appear to be a constant price advantage, we would consider the possibility. It should



**KNUTSON**—"We are not buying any foreign aluminum at the moment."

be noted however, that published foreign prices are the same as for domestic primary producers."

The automobile industry is expected to be a greatly expanding market for aluminum. Knutson stated that recent use expansion included: distributor and oil-pump bodies, grill and decorative parts, transmission cases, and engine manifolds. "We are constantly studying all of our parts to find cheaper and better ways to make them, and aluminum might be the answer in many cases," he added. Advan-



# Plus Wage Hike Will Push Up Aluminum Price

tages for us, he said, are corrosion resistance, lightness, and strength, when compared to zinc alloy die castings. Growth in aluminum usage can bring significant savings in shipping, Knutson also pointed out.

"We expect aluminum to make further inroads on cast iron, zinc die casting alloys, stainless steel, and to some extent on copper and zinc," he added.

Knutson explained Ford knew that changes in parts specifications and integration plans would require increased quantities of aluminum. These needs dictated the molt (hot metal) contracts that Ford made with Reynolds. "The ten-year contract insures us a continuing supply. While we could have bought most of the molt volume on the secondary market, by withholding our requirements from there, we help to stabilize the price of secondary metal." In times of shortage, secondary aluminum has a tendency to increase abruptly in price and lose its relative level with primary metal. Thus it penalizes those who don't have a primary source, he added.

"The molt contract approximates the price currently charged for secondary alloy, but there is a cost advantage to Ford, with molt vs pig aluminum. This advantage is in getting the heat without charge. We also think that we can control more closely the specification of the material received. Each use of aluminum tends to contaminate it, so obviously its purest form is as it comes from the reduction plant," Knutson explained. "Should some major breakthrough occur in the aluminum content of durable goods, we would expect to see greater industry use of the molt contract," he added.

## Pace Sees Growth:

### G.E.'s Use of Aluminum Expected To Double In the Next 10 Years

One of the biggest users of aluminum is the appliance industry. Consumers demand ample stocks and quick deliveries when they purchase these items. General Electric is one big appliance maker who meets this customer demand successfully, and still carries relatively small inventories of the metal in its own stock. Clarence Pace, G.E.'s Purchasing Consultant on aluminum, gives much credit to the aluminum industry for making this situation possible.

Says Pace, "the aluminum industry is service and customer-minded. Its merchandising aggressiveness and good service is a great help to buyers." The aggressiveness of the industry also produces a competitive climate which further enhances its services and benefits to customers. The current "price freeze" is directly attributed to the competitive forces at work in this industry, he added.

G.E. is quite happy with the domestic

producers and fabricators of aluminum. Practically no foreign aluminum is brought into the G.E. system with the exception of some ingot from Canada.

Aluminum is one of the fastest growing metals in G.E. The company's use of aluminum is expected to double in the next ten years due to growth of present business, and increased application in present and new products. Much effort is being exerted by the aluminum industry to promote the use of aluminum in transformers. This could be one of the areas of expansion in the use of aluminum in the electrical industry in future years, Pace explained.

A substantial price increase (1½ to 2¢ per lb.) is expected when the "price freeze" ends in July. We do not expect a new "guarantee" period, Pace stated.

## II—Producers' View

### Covel Gives Views:

#### World's Market Affects U. S. Aluminum Prices; Other Metals Compete

Aluminium Ltd. of Canada is the world's largest supplier of aluminum ingot. And its subsidiary, Aluminium Ltd. Sales, Inc., is one of the largest aluminum ingot suppliers in the United States.

In explaining the effect of the world market on U. S. aluminum prices, Thomas Covel, vice-president of Aluminium Ltd. Sales, Inc., stated that "aluminum prices outside the U. S. affect the domestic price, but not as directly as in other metals." Covel explained that on April 1, Aluminium lowered its U. S. aluminum ingot price because of heavy world stocks and the fact that the going market price at



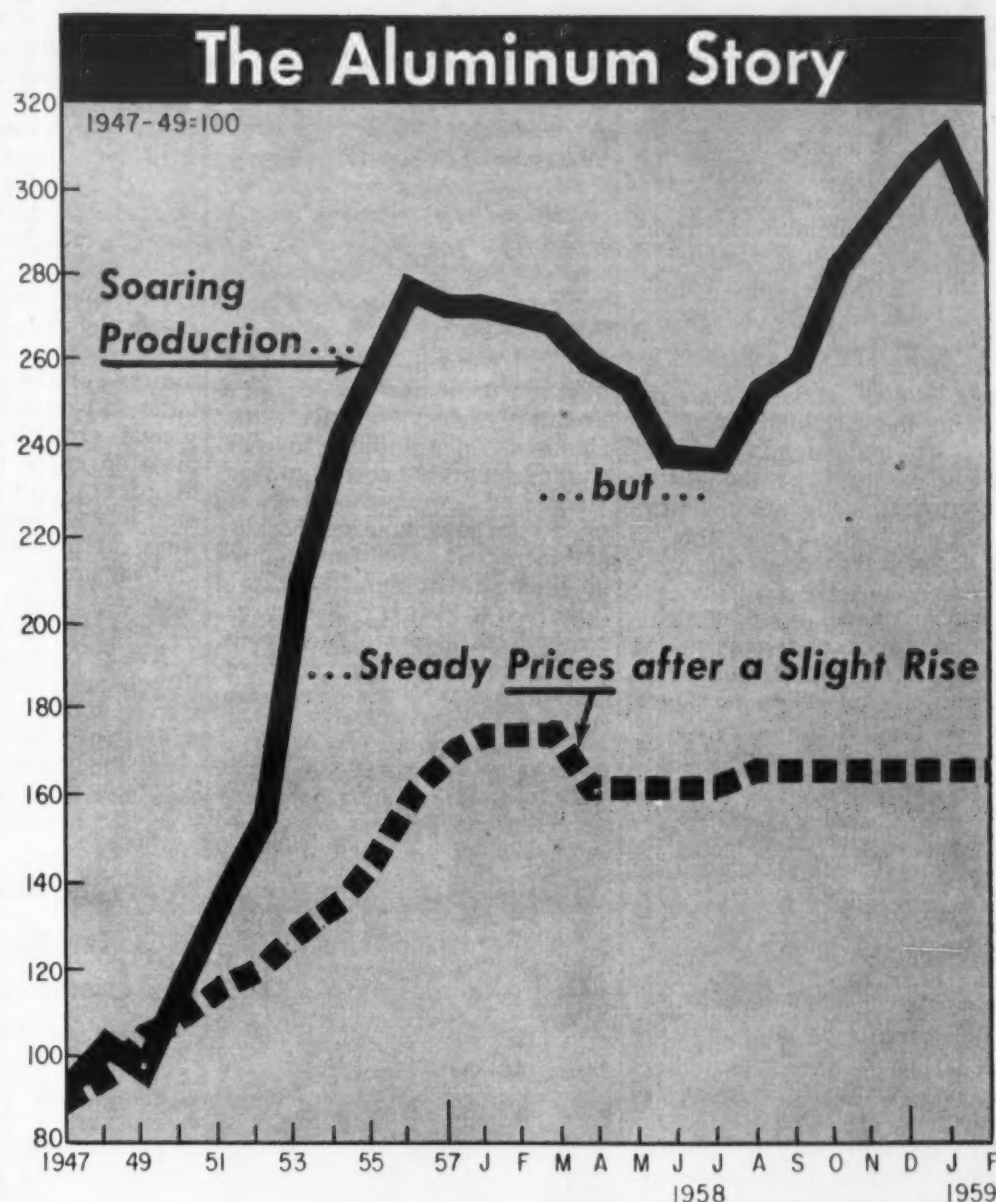
**COVEL**—"Price protection clauses are gone from the industry."

that time was not being respected. Competition from other, cheaper metals also was a factor, he added.

Aluminium had previously led in instituting a 60-day price guarantee which had become standard industry practice. But this guarantee was abused and had become unpopular with the independent fabricators. Aluminium announced in December the end of this "price protection" system. Covel explained that in order to facilitate an orderly end to this "guarantee," Aluminium guaranteed prices on orders shipped before July 1, of this year, at the December price level.

The vice president went on to state that sales previously were being made through individual negotiation, and abuse of the 60-day guarantee only confused matters further. Industry leaders want stable prices, he added, and this move should help bring them.

As for the future, Covel said, "I would assume that price protection clauses are gone from the industry. There seems to be general sentiment against such clauses."



Covel does not expect any import restrictions on aluminum in the near future as the metal does not seem to fit under the current import limitation plans. The U. S. industry is healthy and profitable and doesn't have a good tariff case at the present, he added.

Covel looks for about 9% yearly expansion in U. S. aluminum consumption over the next decade. Big areas of expansion will include: railroad freight cars, ships, foil packaging, automobiles, shipping containers, canning, and heavy construction.

We are constantly improving our distribution methods, said Covel, and now have new supply facilities in Toledo, Chicago, and Los Angeles which carry a full line of primary ingot products. "These new distribution centers make our primary aluminum ingot products available to customers more quickly and economically," he added.

Another development in aluminum of interest to P.A.'s is interlocking ingots. Covel explained that this makes handling of ingot stacks easier and less expensive.

Pricewise, Covel stated that something may happen after the price freeze expires at the end of June. "There is some talk of increases after that date," he added.

## Malcuit Notes Imports:

### Import Duty Won't Stop Ingot Shipments to U. S.; Foreign Output Growing

Short of a major war or other worldwide catastrophe, all danger of an aluminum shortage or restrictions on the use of the light metal are permanently over, according to Stanley V. Malcuit, Industrial Economist for the Aluminum Company of America. Although the market will grow like "Jack's beanstalk," Malcuit doesn't expect this demand boost, at any stage, to overtake productive capacity.

"We in the industry have to change our thinking to learn to live with a buyer's market rather than a seller's market. More and more we're getting into a world market for aluminum, too. The 1¼¢ import duty isn't going to stop anybody from shipping aluminum ingot into the United States, and foreign production is growing," he added.

"We can and do expect increasing competition," explained Malcuit. "In the past, imported mill products have been a problem mainly on the East Coast. With the completion of the St. Lawrence Seaway, imports will hit U. S. fabricators even in the Midwest."

Malcuit looks for a great expansion in the aluminum market in the years to come. The rise will be greater than the nation's gain in population and income, with biggest expansion areas to include the housing, furniture, automobile, appliance, packaging, and electrical equipment industries.

In theory, Malcuit noted that expansion in aluminum comes for one of two reasons: It costs less or it performs better. In actual practice however, aluminum producers have exerted a greater

(Continued on page 22)



**PACE**—"The Aluminum Industry is service and customer-minded."



**MALCUIT**—"We have to learn to live with a buyer's market."



# Rising Demand Plus Wage Hike Will Push Up Aluminum Price

(Continued from page 21)  
promotional effort in favor of aluminum than the producers of any other metal have done for their products.

Alcoa, Malcuit pointed out, is making a special effort to persuade designers in every field to think about aluminum. He added that purchasing agents will become increasingly aware of the light metal, in a design sense, as time goes on.

Regarding "hot metal" contracts, Malcuit said: "We are not ignoring this development. However, we understand that they are under study by the Justice Department, and future activity in such arrangements hinges on the decision regarding their legality."

Alcoa believes, stated Malcuit, that in times of recession we should have import quotas on aluminum. Our feeling, he said, is that the domestic industry should be safeguarded against unfair competition, and foreign producers should not be allowed to dump their surplus metal in the U. S. market while they work behind a prohibitive tariff wall. Furthermore, "stockpiling is not the answer to the industry's current overbuilt capacity," he added.

Regarding aluminum prices, Malcuit said we feel that our return on investment last year was inadequate. If our costs go up, prices probably will go up too. Labor contracts with major unions expire at the end of July, and prices will depend to some degree on the outcome of these negotiations, he added.

Malcuit concluded by emphasizing that P.A.'s should remember that aluminum, commercially speaking, is not one metal but literally hundreds of alloys, made in a great variety of specifica-

tions. The P.A. must know all of these products and their specific uses to do a competent aluminum purchasing job.

## Watson Sees Progress:

**Better Distribution;  
Direct Purchase  
Discount Now 6½%**

Jack Watson, General Sales Manager for Kaiser Aluminum & Chemical Sales, Inc., feels that aluminum distribution to purchasing agents is being improved. "Increased emphasis is being placed on warehousing because of increased competition for qualified distributors," he told PURCHASING WEEK. Kaiser recently took steps to further increase the distributors' effectiveness, by boosting the direct purchase discount from 5 to 6½%.



**WATSON**—"Increased emphasis is being put on warehousing."

Watson hesitated to predict the exact future of aluminum prices after the industry-wide price freeze comes to an end on June 30. He stated however, that "labor contracts in the industry expire in July, and historically, price increases have followed wage settlements that called for wage boosts."

In addition, the strength of the world aluminum market will have a great effect on whether the price is raised in the United States this summer. This is because an unrealistic spread between the domestic and the world price would obviously send consumers abroad. You may be certain that any such spread would not last long Watson explained.

"Price protection on mill products has not historically been the pattern in the aluminum industry," said Watson. "Price in effect at the time of shipment has. I see no reason why the industry shouldn't operate in the traditional manner after July 1."

"Aluminum is expanding most quickly in two areas: automotive, where it is replacing gray iron castings, and in building products," Watson added that aluminum foil for household use is increasing although the poundage is relatively small. The advent of the small car also is being watched closely, especially for the possibility of more aluminum engines, wheels, radiators, and bumpers made from the light metal. Aluminum, said Watson, also is continuing to make headway in the electrical industry, replacing steel in conduit and copper wire. The food container

field, in both rigid cans and flexible packaging of all kinds, offers good prospects also, he added.

Watson advised that "a good purchasing agent under certain conditions should consider doing business with at least two primary aluminum suppliers so he can get the best service and be kept well informed."

The purchasing agent, Watson went on, would be wise to be aware of certain other benefits that the large integrated producers can offer their customers. In addition to a great deal of engineering and technical assistance, the primary suppliers also promote the sale of customers' products through their large advertising budgets and special promotions. These displays are made by the producers in order to show the use of aluminum in new products and in new ways for a host of different industrial areas. "The purchasing executive should know that these services are available," he added.

Kaiser's sales manager told PURCHASING WEEK "aluminum shipments this year are expected to be improved over 1958. Our own order book to date confirms this, and we think 1960 will be better than 1959."

## Henry Is Concerned:

**Soviet Production  
Expanding Sharply;  
Fear of Dumping**

M. W. Henry, vice president and director of purchasing of Reynolds Metals Co., is concerned with the problem of Russian aluminum. "The future of Russian aluminum exports is not clear. It will depend on consumption policy at home and the foreign exchange considerations of the Soviet government," he told PURCHASING WEEK.

Soviet aluminum production has expanded so sharply since World War II that its share of the world's output almost doubled, from 12% in 1946 to 22% in 1958. The Soviet bloc apparently consumed its entire production and even imported some from the Free World until 1955. But in that year, over 2,700 tons of Russian aluminum were sold at price premiums of 20% or more in Britain.

Soviet aluminum reappeared in Britain in May 1957 on a cut price basis, and similar offerings were made in Belgium and West Germany. These offerings were made on a "descalator" price basis so that the Soviet aluminum sold below world prices automatically, Henry explained.

The Russians claimed that these sales of surplus aluminum were made only to gain foreign exchange. But if that were the case, why were the Russian shipments bunched? The best price would have been gotten by staggering the sales, he added.

Secondly, the vice president pointed out that the largest Russian sales were made when the United Kingdom market was weakest, which seemed to be an attempt at "sharp-shooting" against the world price.

"The future is clouded, but the immediate prospects do not indicate any large scale exports from the Soviet into the Free World markets," Henry said. So far, the Russians have cut their shipments well below the amounts in the announcement of last October which limited exports to



**HENRY**—"Future of Russian exports is not clear."

Britain to 16,500 tons yearly. "But the new Soviet seven-year plan provides for a 180% increase in aluminum production by 1965, and we must be prepared to meet any eventuality that this could lead to," he added.

"We are concerned with Soviet activity because we feel there is a lot of growth ahead for aluminum, but only if we stay profitable. We need money for research and market development," Henry went on.

"You must also remember that our cost structure is higher than the European industry," Henry stated, therefore, that if imports continue to increase, Reynolds feels that the government should meet the problem with the resources it has available. If aluminum is being dumped here, the current anti-dumping legislation should be enforced, he added.

The vice president stated that there was current upward pressure on aluminum tags. "We don't think the current price is sound, and we may be subject soon to further rises in cost."

Henry explained that "hot metal" plants give economies to both producer and consumer. They can be built where it is possible to deliver the aluminum 24 hr. a day and 365 days a year, and where the consumer is located near the primary reduction plant. This system saves casting costs for the producer and remelting costs for the consumer.

Henry concluded by stating that the use of "hot metal" systems in situations where the advantages can be demonstrated will mean an expansion in the use of aluminum in the years to come. "This has already proved to be the case in the automobile industry," he added.

## III—Congressmen's View

### Senator Hill Says:

**Cheaper Metal  
In Europe Impairs  
World Markets**

"Russia really hopes to win the cold war through economics." And that factor must be kept in mind when we consider the world aluminum situation, Sen. Lister Hill (D-Ala.) told P.W.

Hill recently headed a group of Senators from various states, who are concerned with aluminum, in asking the Departments of Commerce and State to investigate Soviet activity in the light metal.

We must remember that "the Russians are seeking trade all around the world," and selling aluminum at 2¢ below the world

price could be an indication of other things to come, Hill explained. Cheaper metal in Europe impairs the market there and makes more aluminum available for the U. S.

State and Commerce are still studying the situation, and if necessary certain action could be taken by the United States, he commented. We could have a trade agreement with our allies, Hill suggested.

Congress also would be sympathetic to any requests from the aluminum industry, but as far as tariffs and quotas are concerned we must consider our reciprocal trade agreements and our general foreign trade philosophy, Hill added. "I just don't see anything specific along these lines as of now," Hill said.

"As far as the Congress is concerned, the aluminum situation has not jelled yet." The Russians have cut down on their exports as of now, "but you never know what they will do in the future. So I don't think you could say exactly what is going to happen at this point," Hill stated.



**HILL**—"Russia hopes to win the cold war through economics."

"This is the time for study, investigation, and consideration of the situation," he said.

Speaking of raw material considerations, Hill stated that domestic bauxite is available if needed. Alabama bauxite is of a lower grade than the ore that is now imported. But we were a big producing state during World War II, and in case of a national emergency our area could be used again, he added.

### Rep. Yates Notes:

**'Price Squeeze'  
Situation Probed  
In the Industry**

Rep. Sidney Yates (D-Ill.) is head of a House Small Business Subcommittee that has been looking into aluminum marketing as it affects the independent fabricator. We wanted to look at the "price squeeze" situation that exists in the industry, Yates told PURCHASING WEEK. The small fabricator pays a set price for aluminum while the integrated producer has a lower cost from his own plant, he explained.

We also were concerned with the fact that the independent fabricator has difficulty obtaining base metal in times of shortage, such as in 1955, Yates said.

"We propose to look at hot metal contracts," he stated. These contracts may set a pattern for other big aluminum users, a development which will hurt the independent fabricators if he must continue to buy his ingot

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**YATES**—"We propose to look at hot metal contracts. They may set a pattern."

at a quoted price, Yates pointed out. "We looked into the possibility that big users may be getting a lower price in their aluminum purchases." But our committee did not find any discrimination or rebates being given to large users. If such a situation were discovered, redress to those hurt could be gotten under the Robinson-Patman Act, Yates added.

We hope to continue our study of small business in aluminum and its relationship to the large firms in the industry. We feel that small business should be allowed to participate in this growth area of our economy, Yates concluded.

#### Senator Magnuson Says:

- Electric Power Firms
- Don't Have Enough
- Power Available

Sen. Warren Magnuson (D.-Wash.) looks upon the aluminum industry as an important business component of the state he represents. The biggest problem we have is the inability for rolling mills in Washington to get "firm power" contracts. The electric power firms just don't have the sufficient power available, he told PURCHASING WEEK.

As far as Soviet aluminum activity is concerned, "we just don't know what the Russians will do. Aluminum is part of their economic cold war," said Magnuson.

There is no doubt about the fact that Russian aluminum can have an effect on the U. S. price. And we know that some Belgium sheet which has come into this



**MAGNUSON**—"Uses for aluminum are growing every day."

country has been made of Soviet aluminum, the Senator explained.

The Interstate and Foreign Commerce Committee of the Senate is going to look into the Russian aluminum situation. Should the situation so warrant, we could try to persuade our allies not to buy the light metal from behind the Iron Curtain, or at least to avoid becoming dependent upon Soviet aluminum supplies. Another possibility might be a Free World economic N.A.T.O., he stated.

We should also point out to the Free World that trade must be on a continuing reciprocal basis. Dumping of goods on

the world market runs directly counter to this aim, he added.

Magnuson feels that aluminum should be considered in the light of an integrated Free World market. The situation should not be looked upon as a domestic vs. foreign consideration. "Uses for aluminum are expanding every day," and proper development of the market will go a long way toward stabilizing price and absorbing current excess capacity, Magnuson explained.

"We won't increase the aluminum stockpile," and the Federal Government is not going to require increased use of aluminum in any new projects, he stated.

It is true that high grade domestic ore is in short supply, but new methods will make our ore use commercially feasible, concluded the Senator.

#### IV—Bureau of Mines' View

##### Cservenyak and Heindl Say:

##### U. S. Bauxite Ores Are Lower Quality Than Imported Ore

The Branch of Light Metals in the Bureau of Mines section of the U. S. Department of the Interior is constantly working on the development of aluminum and its ores. Frank Cservenyak, its chief, and Raymond Heindl, his assistant and aluminum specialist, spoke to PURCHASING WEEK about the nation's basic aluminum supply.

Heindl explained that only 10% of the total crude aluminum supply in the U. S. (as opposed to the basic raw material, bauxite) comes from foreign sources. And about 90% of that quantity is Canadian in origin. Heindl added that there was no indication that there would be any significant change in these percentages at the current time.

"Aluminum is the most abundant metallic element in the crust of the earth, but the metal content of the crust varies greatly," Heindl stated. He explained that U. S. ores are of a lower quality than many foreign ores and this is the major reason why 85% of our bauxite supply is imported. The biggest single source, Jamaica, accounts for 50% of U. S. needs.

Cservenyak explained that the trend toward obtaining greater quantities of foreign ore has been accelerated by the gradual depletion of high grade U. S. bauxite reserves and the fact that new producing firms have had to go to new areas for their ore supplies. The known sources, he said, are largely controlled by the older firms.

Although many of our potential domestic resources are low grade in character, we can use them in case of a national emergency, Cservenyak explained. "And there is much industrial research being conducted in the use of lower quality materials for commercial extraction," he added.

Cservenyak also stated that the Department of the Interior has developed the technical means of producing alumina, the refined aluminum oxide powder from which all aluminum is produced, by using domestic low grade raw materials. "This process is available for long-range development if national defense or foreign ore shortages should develop," he pointed out.

Heindl explained that the department was continuing its work in evaluating various methods of obtaining alumina, and in determining in which areas additional research should be done. "Methods of producing alumina are continually reviewed and evaluated," added Cservenyak.

Both men stressed to PURCHASING WEEK the research the Bureau of Mines was doing to improve the extraction of alumina from low-grade bauxites as well as its investigation into obtaining alumina from non-bauxitic materials.

"Hawaii is one major bauxite possess-



**HEINDL**, right—"Aluminum is the most abundant metallic element in the crust of the earth." Cservenyak, chief of Bureau of Mines section, is the man pictured on the left.

ing area that will be examined by the bureau," said Heindl. "On the other end of the spectrum, scrap will provide us with more aluminum. There is a rising supply of aluminum scrap, and it will increase in the future," he added.

This expected rise in the availability of

aluminum scrap stems directly from the increase in aluminum use which is currently taking place. As these items made of the light metal become obsolete or are discarded after serving their primary function, they add to the supply of scrap available, Heindl concluded.

#### Purchasing Profiles



**Richard G. Schorling**, Asst. V. P.—Purchasing and Property, CONTINENTAL AIR LINES, Stapleton Field, Denver, Colorado, says:

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This Week's

# Foreign Perspective

MARCH 30-  
APRIL 5

**London—Nations outside the Common Market are exploring ways of drawing closer together.**

This could have important consequences for the pattern of buying and selling in Europe.

At the turn of the year there was a lot of talk here about the need to form a free trade area embracing Britain, Norway, Sweden, Denmark, Switzerland, and Austria. But that doesn't mean there aren't other projects on the agenda, too.

Indications of the importance attached to this problem were noted in mid-March when governmental talks between the so-called "other six" plus Portugal were held in Stockholm. It's reported that discussions were aimed at tightening trade and political collaboration between the seven nations.

Latest shot in this campaign was fired by the Federation of British Industries. Next May Britain will start a big drive to step up her sales in the rich Scandinavian market.

**Paris — Economic Co-operation among non-Euromart nations (see London above) points up the major problem of the powerful six-nation Common Market bloc.**

That's the exploration of ways in which other countries might be associated with the six-nation group.

But so far nothing important has turned up. Suggestions have generally been ignored by the British. More important, they haven't aroused enthusiasm here on the continent, either.

Latest move from Common Market headquarters is the decision to take a new look altogether at the problems of how to prevent a trading split in Europe.

A special committee will start digesting suggestions from Euromart governments from April 15.

That means a long period of delay before you can really see the shape of Europe's future economy emerging clearly.

**Bombay—Private industry here is getting considerable aid from a recently set up Indian credit corporation.**

The new agency—The Industrial Credit and Investment Corporation of India (I.C.I.C.)—now has disbursed \$6.50 millions in foreign currency loans (5 loans) to Indian industries in the private sector. In addition it has granted nine rupee loans amounting to \$6.78 millions.

The I.C.I.C. was set up in 1955 with a million dollar assistance from Westinghouse, Olin Mathieson, Rockefeller, \$10 million as a loan from the World Bank, plus financial assistance from United Kingdom sources.

But funds are beginning to run

out. So officials here are looking for more money.

They'll probably tackle the World Bank again. The government of India will also be approached for new rupee funds.

**Moscow—Automobile produc-**

**tion here in Russia is reportedly making considerable strides.**

That's the impression received by correspondents who recently visited the huge Likhachjov works in Moscow.

One evidence of progress is the fact that the plant's 44,000 workers will go this year from an eight-hour day to a seven-hour day. This means a cut in the work week from 46 to 41 hr, since six hours of work are put in on Saturday.

**Mechanization and automation are also on the increase.** And officials here hope it will soon lead to increased productivity and a

wage boost for the Russian production workers.

Although correspondents saw a number of machine tools bearing Cincinnati and Churchill (Britain) trademarks, most of the tools were said to be Soviet-produced.

**Bonn—East Germany, despite the Berlin crisis, is stepping up its trade with the British according to reports of recent trade agreements between the two.**

East Germany ordered about \$112 thousand worth of British machine tools during the Leipzig

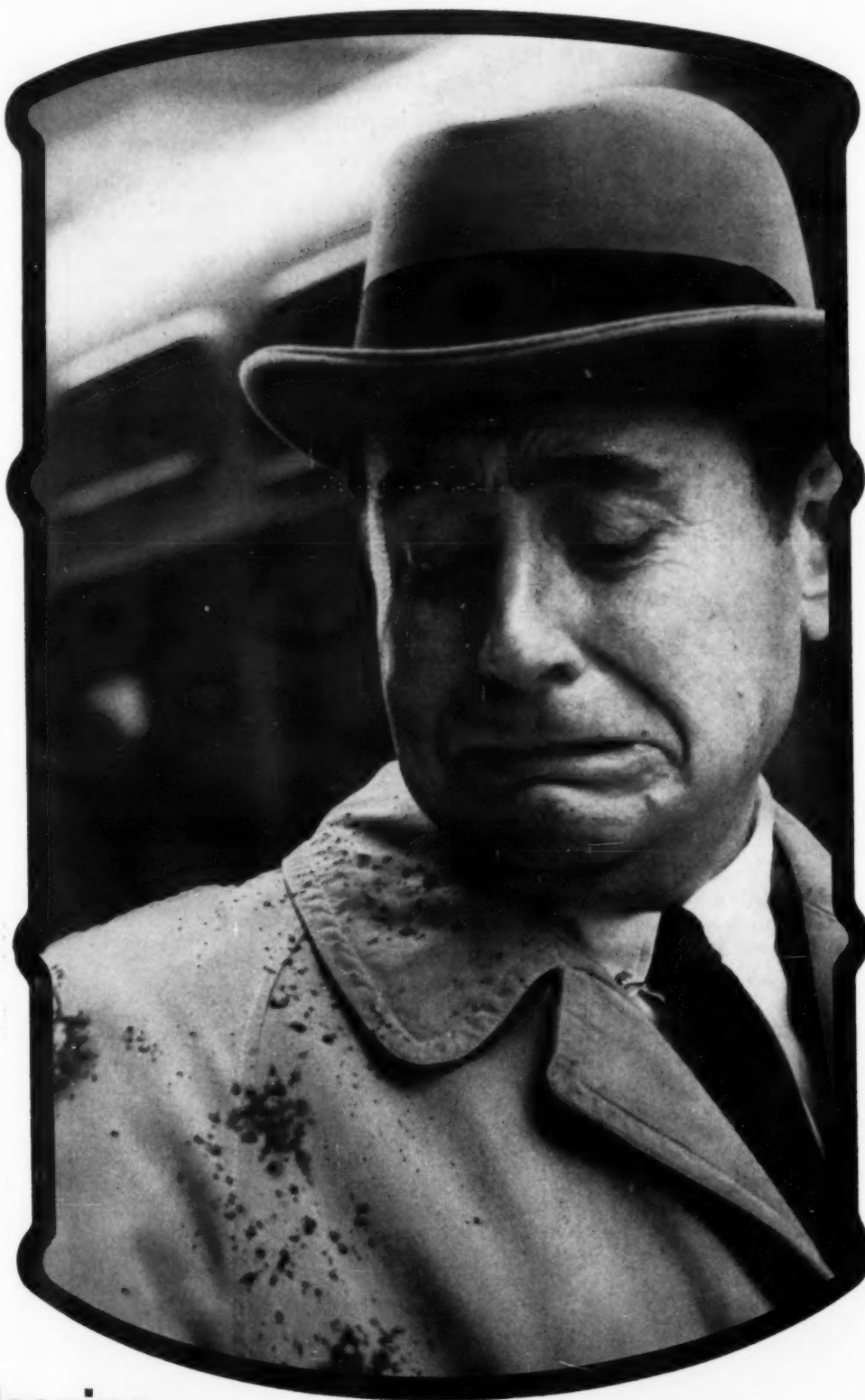
Trade Fair just ended. And according to reports received here, many more inquiries may soon become firm orders.

That's a lot more than noted in recent trade agreement between Britain and East Germany. That treaty envisaged that the Communist country would purchase about \$98 thousand worth of British machine tools a year.

Another contract secured by a British company at Leipzig is for aero-engine turbine blades worth about \$280 thousand.

**Deals for other types of goods are also brewing as a result of the recent fair.**

There's a  steel container to meet almost every shipping need



Example:

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# Purchasing Perspective

MARCH 30-  
APRIL 5

(Continued from page 1)

The White House is involving itself deeper and deeper in the nearing steel labor contract negotiations.

President Eisenhower last week reasserted his determination that any wage increases in steel should and must not disturb price stability. He cautioned again that both management and labor must show statesmanship in their bargaining so that steel prices do not go up again. He left unanswered how far the White House is willing to go to protect this key goal of his administration, but there was little doubt that further efforts to influence the course of the negotiations would be made if necessary.

The price-side of purchasing also drew attention from other angles last week.

Government economists, estimating a record \$464 billion annual G.N.P. rate for the first quarter, said the \$11 billion spurt over the final quarter of 1958 represented a real production gain—thanks to relatively steady prices during the period. The new national output figure boosts chances of attaining a forecast \$485 billion rate by year's end.

The PURCHASING WEEK Industrial Materials Price Barometer registered its third consecutive weekly rise of 1% or more. But absence of hard goods impetus in recent advances of this sensitive indicator reduces the impact on the over-all price picture. Textiles, hides, tallow, and to some extent lead and rubber participated in the general climb during the month of March.

N. J. Standard Oil's president, M. J. Rathbone, forecast an upward trend of domestic and foreign petroleum prices. He justified such increases on grounds that recession-price losses had to be regained.

**Purchasing trends:** Seaway port interests at Duluth are planning to move ahead during the next few months in efforts to revive package freight shipments on the Great Lakes. Private interests scheduled a test sailing last fall but the plan fell through. New backers count on containerization advances and "fishback" vessels to revive Duluth-to-Buffalo shipments at low cost . . . Machine tool industry hopes it is now finally out of the recession. February order and shipment figures reflected substantial increases. Both large and small builders report substantial order inquiries. Bigger machines also show new demand . . . steel, copper, and rubber have received major attention in current strike and price protection buying. But a still-in-the-works PURCHASING WEEK survey of buying plans indicates a limited amount of hedging in other products. Some are electric motor parts, cotton, burlap, bearings, fractional horsepower motors, forgings, plastics, and aluminum.

## I.R.E. Convention Views Space Age

(Continued from page 1)

was aimed in that direction. Huge radar and missile tracking antennas, missile telemetering equipment, and data processing systems were exhibited. In the technical sessions, the chief concern of engineers and scientist seemed to be navigation and communications in space.

### More Miniaturization

Paralleling the hardware for space was the new surge in miniaturization. Many exhibitors were showing that they could make components smaller and smaller. But the biggest news in miniaturization was the availability of micro-module components. They are ceramic blocks about 0.3 in. square containing complete electronic circuits. Twenty-seven of them will fill a cubic inch. First application will be in missiles, but "there's little reason," say the developers, "why the modules won't make wrist watch radios, pocket-size dictating machines and re-

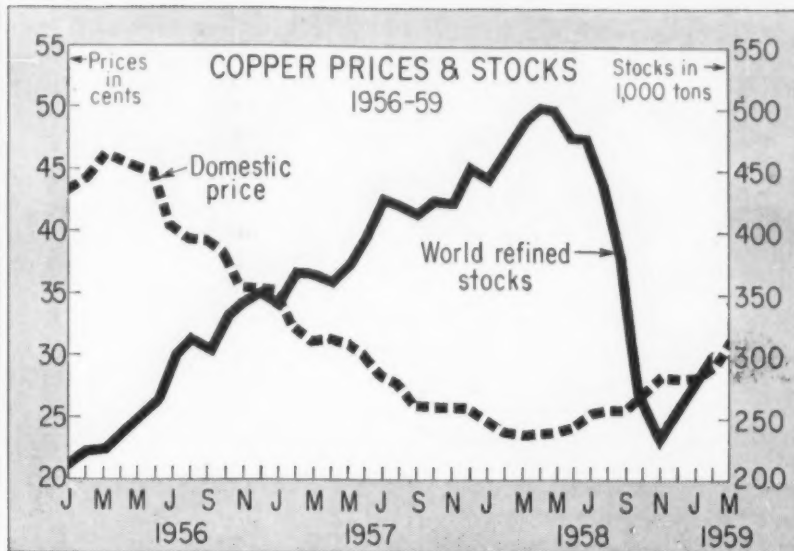
corders, and ultra-small T.V.'s and radios."

Almost invisible rolled metal strips also were made available. It takes as much as 75 strips to cover a human hair. The strips were developed for use in high-

**Next week in its Weekly Guide to New Products, Purchasing Week samples the products exhibited at the show. Product Perspective will analyze the trends and search out their implications for purchasing.**

fidelity equipment and miniaturized electronic components.

The problem of reliability came in for its share of attention at the show. Pushed by the military, component manufacturers emphasized the reliability of their products. Throughout the show working test stands exposed components to a variety of strenuous conditions designed to demonstrate component reliability.



## Copper Buying Spree Levels Out

(Continued from page 1)

32 1/4¢ a lb., eased off last week to below 31¢ a lb.

**• Foreign mine price cuts—**One big Belgian Congo producer, reflecting the London declines, reduced its price by 0.9¢ a lb.

**• Custom smelter demand—**Early last week when a price dip looked imminent, demand dried up. But subsequent partial recovery indicates that we may be headed for a period of stable rather than soaring demand.

What are the reasons for this leveling off? Perhaps the most important is the feeling that no serious shortage will develop. There was an increasing feeling on part of some experts that a strike could be averted. (See story alongside for details on wage negotiations.)

Lending credence to this optimism was the recent settlement of Kennecott's three-week walk-out at the Hayden Smelter and Ray Mine in Arizona. Such settlements always tend to impart optimism about future wage negotiations.

### Higher Stocks a Factor

Higher stocks are also a factor behind the recent pause. Chart shows that world refined stocks have been climbing now for three months.

And indications are that another small rise may be reported for the current month.

One glance at the chart will indicate the close cause and effect relationship between these stocks and prices. Prices always tend to weaken when inventories rise. The 1956-57 experience certainly verifies this.

The opposite is true, too. Note that as stocks plummeted in late 1958, prices began to right themselves.

The duration and extent of the current price recovery, then, will partially depend on how fast stocks are built up.

Another factor influencing current domestic market has been the behavior of London prices. The weakness on the London Metal Exchange always has a habit of transmitting itself to our shores. That's because it permits the offering of foreign copper below the U. S. smelter price. Here's how it works:

By adding the 1.7¢ a lb. import duty and other charges to the cheaper foreign price, overseas sellers find they can sell the red metal here below the domestic 34¢ a lb. custom smelter price.

This undercuts the market here—and before long the whole price structure becomes shaky.

This is one of the basic causes for instability of copper. What happens in London and elsewhere

always has an effect on domestic markets.

And since the London market is largely speculative, it means erratic movements are the rule rather than the exception.

But there's another basic cause for instability, too. This is the dual industry setup in copper.

But last week's big spread between producer and custom smelter prices, however, may be a good sign. Producers, who supply a majority of the copper, have not been stampeded into raising prices by the big demand.

Chances are they could have raised prices further and still sold all they make.

## New Pricing For Fasteners

(Continued from page 1)

bolts, lag bolts, and low carbon steel bright cap screws—comprising roughly 75% of the company's products. Pittsburgh Screw said preparations are being made to extend the new pricing to other lines wherever possible.

In addition to replacing the complex industry list and discount method, Pittsburgh Screw also announced that all shipments over 20,000 lb. (approximately one truckload) will be delivered with no freight charge.

This constituted another major departure from the old pricing system in which the purchasing agent had to determine freight charges from the point of the nearest manufacturing competitor.

Shipments under 20,000 lb. will be priced f.o.b. at the Pittsburgh Screw plant with freight charges adjusted to meet competitive conditions at regular producing points.

Stressing the simplicity of his new pricing methods, Pittsburgh Screw's president, Donn D. Greenshields, said customers greeted it with enthusiastic approval when the company first proposed it last fall (see P.W., Oct. 27, p. 1).

"In the past," Greenshields said, "it took a crew of bookkeepers to figure the actual prices of items based on the old list and discounts." He said that some customers had so much difficulty calculating freight charges and prices from the old list and discount sheets, they actually sent in orders with instructions for the company to figure out what they had to pay.

Pittsburgh Screw said that for all practical purposes, present prices remain unchanged under the new system.

## Copper Miners To Bargain Hard

(Continued from page 1)

mean some tough bargaining lies ahead for American copper producers.

Orville Larson, Mine-Mill's vice president and bargaining coordinator, told PURCHASING WEEK that having "shared in the bust," copper miners now "want to share in the boom." He emphasized that the union's officials are concerned over what they call a declining share of mining profits.

"At the depth of the recent recession 9,500 men were laid off in the copper industry," Larson said. "But at the end of 1958, the companies were producing as much copper as before the thing started, and they had hired back only 2,500 men." He blamed automation, a shift to open-pit mining, and alleged management contract violations for the loss of 7,000 jobs.

### Points Stressed

The Mine-Mill union, which represents about 50,000 U. S. and 30,000 Canadian members, held its annual convention earlier this month in San Francisco. Wage and contract committee meetings stressed the following points of policy:

- Reduction of the normal work week to a 32-hr. maximum with no take-home pay reductions.

- Escalator clauses rather than fixed automatic wage increases with an adjustment for every one point difference in the Bureau of Labor Statistics cost-of-living index.

- Elimination of geographical wage differentials.

- Improvements in health and welfare benefits, supplementary unemployment and disability pay, seniority, and at least seven paid holidays.

- Regular review and adjustment of job and wage changes with speedy arbitration to handle deadlocks.

Negotiations with the major producers are expected to start sometime in May, just about the time contract bargaining opens in the steel industry.

The Union may take a look at steel wage settlement before finalizing its own agreement, but the steel pattern need not necessarily prevail.

"We'll settle for a good contract, regardless of steel," said Larson. "The men are hungry after three years."

### Might Follow Steel

Larson admitted that the union might be willing to follow steel on wages, but on other points the contract will deal with problems peculiar to the mining industry that "can't be settled at steel negotiations."

The union expects the companies to be tougher at the bargaining table this year, but "so will we," declared Larson. Although there has been no strike talk, either at the convention here or elsewhere, edgy copper consumers weeks ago set out on a hedge-buying spree.

The long term contracts signed in 1956 provided for wage increases totaling 24¢ an hr. Average wages now range from \$2.16 to \$2.42 an hr., somewhat below the \$2.86 an hr. estimated for steel workers.



# 'Frustrated' Steel Buyers Turn to Warehouses

(Continued from page 1)  
ing the surge of new ordering along about the first of the year, but the buying did not develop nearly so ferociously as at the mills. In the past couple of weeks, however, business started to burgeon as large mill buyers turned to warehouse sources and regular warehouse customers also started jacking up their orders for steel products.

In a cross country spot check last week, PURCHASING WEEK found steel warehouse operators still able to take care of most customer needs. But they are anticipating even greater activity and subsequent order jam-ups soon, as the proportion of hedge buying to current production buying increases and the June 30 steel industry contract deadline nears.

## Buying More Intense in Midwest

Reports from the Midwest—where steel buying has been more intense than in most other sections of the country—said some warehouses already had gone on a customer allocation basis. But the PURCHASING WEEK check-up showed very little of this—as of now.

But while relatively few have been forced to adopt the allocation schedules which have been in effect for weeks at mills, some firms are giving would-be new customers a hard time with their orders.

One St. Louis warehouse operator said flatly: "We are filling all orders for our friends. But those who haven't done business with us before are being turned away."

## Strike Protection

Warehousemen said that up until the past few weeks most of their customers orders were for current production requirements. Now the tide appears to be turning to strike protection accumulation.

Size of average warehouse orders has increased tremendously. Seymour Waldman, president of Rolled Steel Corp., Skokie, Ill., said it is now not uncommon to be asked to fill manufacturers' basic orders for 100,000 lb. or more as large mill buyers, who normally go to warehouses only on a fill-in basis, come in for supplies to fill "basic needs." Six months ago the average order at Rolled Steel was 5,000 lb. Now the average manufacturer's order is 20,000 lb.

## Run on Service Centers

It all adds up to a substantial run on steel service centers, according to the American Steel Warehouse Association. Sales in the Chicago area have jumped more than 35%. Other areas are up 10 to 20% and in some areas even more.

One San Francisco warehouseman described the activity there as "tremendous but no carload buying and no panic." The more frantic buying is expected during the next 30 to 45 days. Warehouses in Boston, Atlanta, New York, Newark, Dallas, Kansas City, and elsewhere also reported business good and likely "to set records" but with the real pressure still to come.

At Atlanta, a top official at the Jones & Armstrong Steel Co. said: "The big boys are starting to come in, but the rush isn't

overwhelming. We expect the big push in a few weeks."

But here he added a word of optimism: "Actually the situation isn't so bad as some people seem to think. Not everybody, me for one, believes there's going to be a strike this year."

Hottest items on warehouse customers' shoppers' lists are: galvanized sheets, hot and cold rolled sheets, hot rolled bars, light plates—duplicating the tight item list at producer level.

Warehousemen stocking aluminum and copper products said that so far hedge purchases had not yet touched those metals. Sales were "normal."

## Little Foreign Steel

Comments of warehousemen contacted by PURCHASING WEEK would indicate that calls for foreign-made steel were few and far between. Relatively few stocked it. Those who do said prices had risen steadily under demand pressure in the past few weeks.

American Steel Warehouse Association officials at Cleveland stressed the service center goal

of striving to maintain customer supplier throughout even an extended strike period. Warehouses had total inventories of 3.4 million tons of industrial steel products at the start of 1959, one of the most complete and perhaps best balanced inventories in the industry's history. And on June 30, warehousemen hope to have 3.7 million tons of steel products on hand.

Declared one Midwest operator:

"We certainly can't supply steel in mill quantities, but if a regular customer comes in for a normal amount, we will be able to get it to him."

A warehouse industry spokesman had this advice for steel-buying P.A.'s:

To protect against a strike shortage of steel go now to a service center and work out a planned program based on anticipated production schedules and inventories on June 30. In this way, the purchaser can be assured that the service center will stock the needed products and won't sell them out from under him.

## Price Changes for P.A.'s

**Cadmium Bromide**—Lots of 1,000 lb. of cadmium bromide are down 40¢ a lb. to \$2.45 a lb.

**Fir Plywood**—Some Northwest mills have boosted fir plywood prices by \$5 a thous. sq. ft. Rising demand is reported to be behind the rise which puts 1/4-in. key sanded grade wood at \$85 a thous. sq. ft.

**Acetate Yarns**—DuPont Co. has raised three types of acetate yarns by 4-5¢ a lb. New quotes for 40 and 45 denier yarns are \$1.13 and \$1.02 a lb. respectively. The 55 denier yarn is now 88¢ a lb.

**Polyethylene Yarn**—Reeves Bros., Inc., has cut 600 denier stabilized polyethylene monofilaments. New price for quantities over 5,000 lb. is 84.3¢ a lb. Premium for red and orange color is 3¢ a lb.

**Distribution Transformers**—General Electric Co. has reduced prices of distribution transformers. Cuts are on most higher voltage single-phase transformers. Prices on some larger kva. single-phase and 3-phase pole-type units have been raised.

**Elevating Trucks**—American Pulley Co. has cut tags on its portable elevating trucks. The cuts range up to 30% on the foot pedal lift models. "Simplification" economies are reported responsible.

**Mercury**—Quicksilver tags are up another \$2 a 76-lb. flask. Prices now range from \$230 to \$240 a 76-lb. flask depending on quantity.

**Sandalwood Oil**—Dips of 25¢ a lb. put oil sandalwood at from \$13 to \$13.50 a lb.

**Gasoline**—Boosts of 0.1 to 0.8¢ a gal. have been made in New England gasoline prices.

Mobile Oil prices include; Boston—16.4¢, Portsmouth—16.4¢, Providence 16.4¢, and Worcester—16.7¢ a gal.

Canadian gasoline prices are down by 0.5 to 0.7¢ a gal. The cuts include most grades in Quebec, Ottawa, and Ontario.

**Oil Amyris**—A boost of 5¢ a lb. puts oil amyris at \$1.65 a lb.

**Oticica Oil**—Prices of oticica oil are up another 1/2¢ a lb. New quote is 20¢ a lb., the highest level in over five years.

**Filament Yarn**—American Nemberg Co. has boosted its "Bemberg" yarn by 4 and 5¢ a lb., depending on grade.

**Guilon Chrome Complex**—E. I. du Pont de Numours & Co. has cut tags of Guilon chrome complex by 15¢ a lb. New price is 60¢ a lb. in truckloads. Less truckload lots are 61¢ a lb., f.o.b. works.

**Copra**—Gulf port prices of copra are down some \$2.50 a ton. New quote is \$270 a ton.

**Tin Salts**—The decline in tin prices in recent weeks has caused tin salt quotes to ease. Sodium stannate is down 1¢ a lb. to 64 1/5¢ a lb. while anhydrous grades of tin crystals are lower by 1.3¢ a lb., now quoted at \$1.007 a lb. Potassium stannate has also dipped by close to 1¢ a lb. and is now listed at 78 2/5¢ a lb.

**Rectifiers**—General Electric Co. has cut prices on two lines of silicon controlled rectifiers. Reductions range from 6 to 44%. They cover both the 16-amp. and 10-amp. lines.

**Styrax**—Tags of styrax oil are up \$12.50 a lb. New quote is \$37.50 a lb. The rising cost and declining availability of Honduran Gum Styrax, the raw material for styrax oil, is reported responsible for the sharp rise in prices.

## N. Y. to Replace Car Fleets Only as Needed

**Albany, N. Y.**—The Rockefeller Administration has scrapped a program established by its Democratic predecessor to trade in the entire multi-million dollar fleet of state autos for new models each year.

Douglass C. Coupe, the state's new director of purchasing, said he will revive the old practice of replacing cars only as needed.

## Congress Studies Lead, Zinc Bill

**Washington**—Domestic lead and zinc producers are back on Capitol Hill seeking further protection against import competition. Sen. James Murray (D-Mont.) chairman of the Senate Interior Committee, will press for consideration of a new support bill patterned after the domestic sugar act. The measure would guarantee U. S. suppliers the preponderant share of the domestic market and split up the rest among traditional importing nations on the basis of their 1956 quarterly imports.

Sen. Gordon Allott (R-Colo.) introduced the bill last week.

Unlike the sugar act, the bill also has a price support feature. If domestic lead prices drop below 15 1/2¢ per lb. and zinc below 13 1/2¢, all further imports will be completely shut off from the U. S.

The Senate Mining Committee will consider the bill. But first it will test congressional climate for this approach to federal aid to domestic producers with a similar bill to benefit U. S. fluorspar producers.

The fluorspar bill does not contain a price feature. It splits up the U. S. market between domestic and foreign suppliers in similar fashion.

Neither bill will have Administration approval despite the fact that Murray used the Interior Department's own suggested price levels for lead-zinc contained in the Seaton subsidy bill defeated in the House last year.

Chances for passage for both bills are slim. But a new wave of trade protectionist sentiment on Capitol Hill, coupled with trade dissatisfaction with existing lead-zinc import quotas could combine to give the sugar act approach more favorable consideration than the several other times it previously has been brought up.

## F.T.C. Rules Reynolds Violates Antitrust Law

**Washington**—A Federal Trade Commission examiner has recommended that Reynolds Metals Co. divest itself of Arrow Brands, Inc. The firm, purchased by Reynolds in 1956, makes decorative aluminum foil for florists at its Long Beach, Calif., plant.

The F.T.C. examiner contended that Reynolds violated the antimerger provisions of the Clayton Act by acquiring Arrow. Spokesmen for Reynolds, who described Arrow as a small company with sales in the half million dollar-a-year bracket, said they would protest the examiner's recommendation.

## Teamsters Gain Foothold at Esso

**Washington**—The International Brotherhood of Teamsters last week demonstrated another organizing power play that keeps the trucking union at the top of the union hierarchy.

James R. Hoffa's union is gaining a foothold in the refinery industry through Esso Standard Oil Co.'s independent unions. They have been looking for bargaining help, and Hoffa is willing, and eager, to supply it.

The first breakthrough may come at Esso's Baton Rouge plant where the teamsters now claim a majority of 4,000 workers. Hoffa will ask the management at the Louisiana Esso plants to recognize that the workers' independent union should be affiliated with the Teamsters.

"They have a lot of money and a lot of power," is the comment of one independent union official explaining why some ten independents in the Esso chain met last week with teamster officials to talk about affiliation.

The independents have been eyed and are still being approached by the A.F.L.-C.I.O. Oil Chemical, and Atomic Workers. But such efforts by O. A. (Jack) Knight's union to absorb the big independents—covering more than 18,000—have failed so far.

The independents, starting with Baton Rouge, may turn to the Teamsters because they can offer a whip hand in negotiations. With some 150,000 refinery drivers, the truck union can wield an almost unbeatable weapon against management by cutting off movements of products in and out of refinery plants.

With this in mind, 58 officials and rank-and-file members of the Esso independents from plants in New Jersey, Maryland, Massachusetts, Pennsylvania, and Louisiana met at the Woodner Hotel in Washington, D. C. They formed an Esso labor council to continue plans for possible affiliation with the trucking union.

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## 2 Materials Management Concepts Emerging

Materials Management Seen in Studies as Both Extension Of Procurement and a System Concerned with Material Scheduling

**New York**—Two concepts are emerging in the present examination of materials management by purchasing and other functions. This was brought out in the A.M.A.-sponsored conference last week in New York as well as in a P.A. association-sponsored study in North Jersey. The first concept is that materials management is only an extension of procurement—from receiving to shipping, inclusive. It does not acknowledge production control as part of the picture, maintaining that production control still remains a function of the manufacturing group. This is the picture Fred Drake, purchasing manager for Air Reduction, painted at the New York three-day conference.

### A Scheduling System

The second concept depicts materials management as a product of today's changing business. It is a "system" concerned not only with procuring and handling but also scheduling material, as well. Production control or production scheduling is considered an integral part of this viewpoint. It and procurement become inseparable with adoption of data processing. This viewpoint was ably presented at the A.M.A. conference by Don Rohrer, former materials manager of the Home Laundry Division of General Electric, Louisville, Ky.

### 210 Unexpected Registrants

The A.M.A. conference, the first held on the topic of integrated materials management, attracted an unexpected 210 registrants. Purchasing men were the largest single group but still a minority. Other strong groups represented included production control, materials management itself, plant managers, and production managers. The presence of five management consultants underscored the interest in this management concept.

### Group Meets at Rutgers

The other group, meeting in the evening at Rutgers University in Newark to evaluate the same subject, is also made up of similar job titles. Although co-sponsored by the North Jersey Purchasing Agents Association, the group includes material and production control, inventory control, general managers and even an interested cost accountant. This course is led by W. A. Bussard, senior editor of PURCHASING WEEK, and J. E. Gould, manager of purchasing and production control of Wheelock Signals Inc.

The interest this topic creates was confirmed by H. V. Oakes, director of distribution, Crown-Zellerbach. "I flew in from San Francisco for the A.M.A. conference to find out more about the function," said Oakes. "I don't believe there is another company with the kind of organization for material control we have." As director of distribution, he is responsible for many procurement functions but they do not include buying. In his integrated paper company, very little raw material is purchased, only equipment. But the inventory, scheduling, warehousing,

and distribution of the final product is still an integrated function in the company.

Another reason for attending the conference was voiced by Joseph Sico, manager of material control at Stanley Home Products, Easthampton, Mass. "We are just planning to set up some control system for materials, based partly on the recommendation of a recent study group. We think there is profit

to be made in closer material integration in our company."

Profit motive attracted many people, and was a frequent theme stressed by speakers. V. Depp Goubeau, manager of materials for R.C.A., suggested materials management as "a way to move with sufficient flexibility to meet market demands of the moment, instead of producing an obsolete model to satisfy inflexible plans. We are seeking better ways of

making a satisfactory product at a profit."

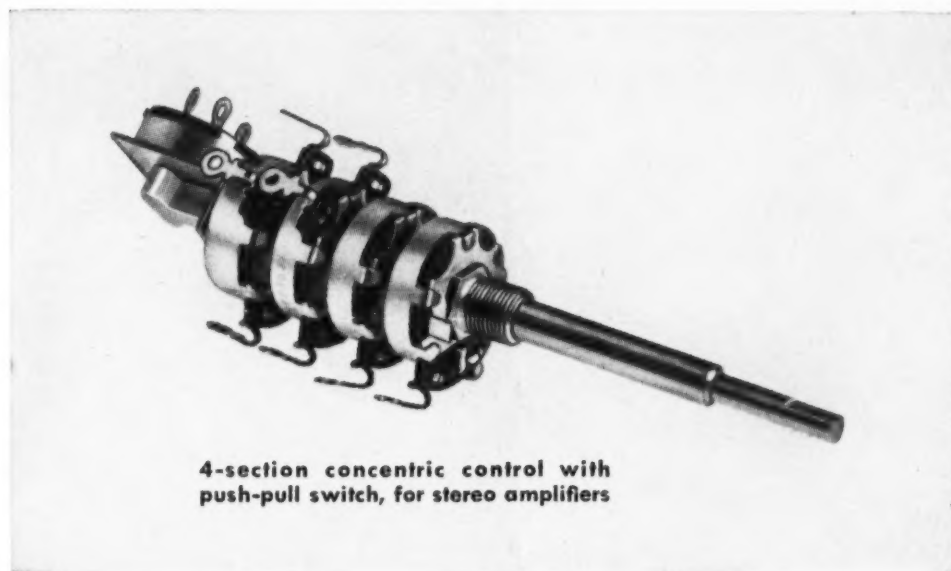
Although some purchasing speakers regarded materials management as a threat to their function, other speakers took an opposite view. "There is no room for conflict in materials management," said E. D. Carter, director of material and procurement, Martin Co. "What's good for purchasing may not be good for the company. Company objectives should predominate."

This is the approach of the New Jersey course, too: an objective look at the possibilities for material management. It is up to each man to study his own company, his own function, then de-

termine if company profits can be improved by adopting such a concept for managing materials.

As summed up by the final A.M.A. speaker, Marc A. DeFeranti, a departmental general manager of General Electric: "Since no one plan or organization structure will satisfy the needs of all businesses, the first challenge of the materials function is to recognize the requirements of this area, and in line with overall objectives, to plan the most effective utilization of manpower and investment."

Or, as J. Eric Gould told the New Jersey group, "My job as a materials manager is to keep dollars and men busy."



4-section concentric control with push-pull switch, for stereo amplifiers

## When specs call for controls—see Mallory for variety and value

Carbon or wire-wound . . . single or multiple section . . . you can get the variable resistors you need from the Mallory line. Shown here are some models typical of the dozens we supply. All are made to standards of quality which have led the industry for years. Carbon controls feature the Mallory element, noted for low noise, smooth operation, and long, stable life. All standard controls and many variations are available on approximately four weeks delivery. See your Mallory representative on specific requirements.



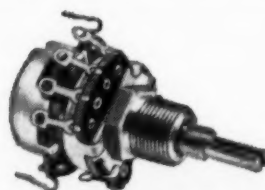
Dual concentric control with switch.



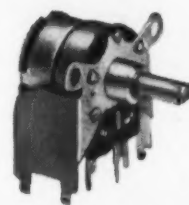
Printed circuit control with rotary switch.



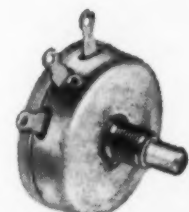
Dual concentric control with switch: automotive radio construction.



Dual concentric switch control: outer shaft operates 4-position switch, inner operates 1 1/4" dia. control.



Printed circuit control with push-pull switch.



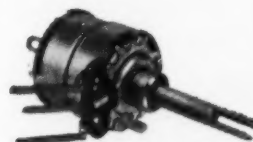
Type M 4-watt wire-wound control.



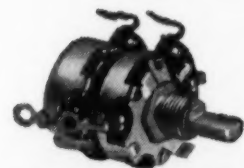
Tab-mount control for printed circuits.



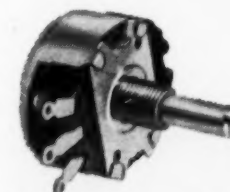
Tab-mount control with nylon shaft.



Single control with push-pull switch, Keller wire-wrap terminals.



Dual tandem control, elements matched for stereo.

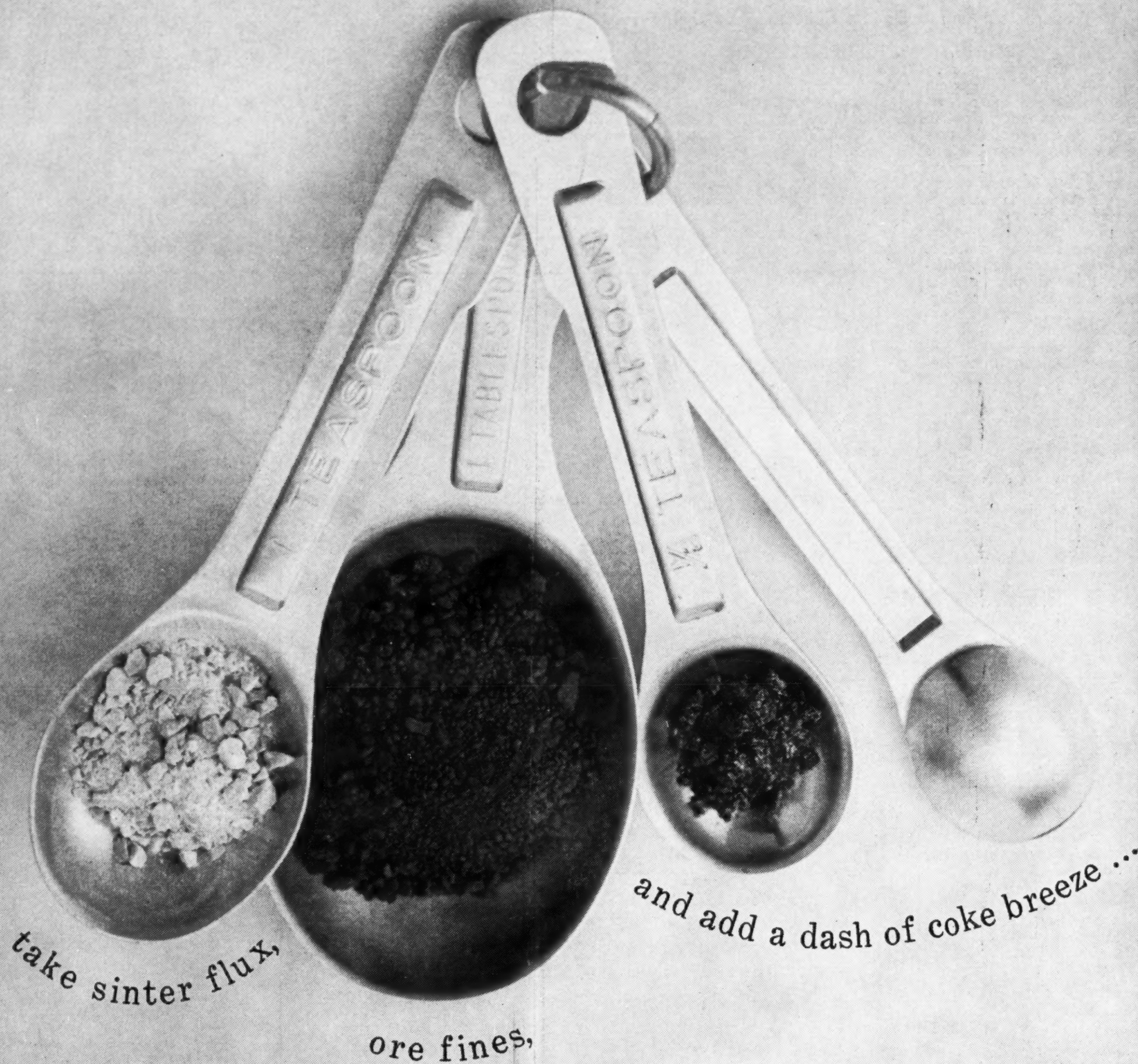


Type R 2-watt wire-wound control.

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Frankfort, Indiana

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**MALLORY**





That's exactly what Inland's technical chefs will do when its giant, new sintering plant is completed in June. A single day's mix—4300 tons of iron ore particles, 500 tons of crushed limestone, 250 tons of fine coke—will bake a cake of clinkers which can be fed directly into blast furnaces. Result—better, faster reduction of raw iron ore to pig iron, blast furnace production upped 10%—*more and more Inland steel to feed the hungry production lines of fast-expanding Mid-America manufacturing!*

*Building Today with an Eye to Tomorrow*



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